Stanbic IBTC Bank PLC

Annual Report 2010

Stanbic IBTC Bank
A member of Standard Bank Group

RC 125097

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

The flow and ebb of the financial landscape is not always a predictable one. Constant trend fluctuations and ripples in global economics have resulted in Stanbic IBTC adopting a progressive attitude of intelligent flexibility, one that has seen them excel, not only in past challenges, but in our present fast-moving conditions.

With our worldwide perspective, we can affect changes and advances fluidly - to not only individual accounts but the pattern and rhythm of our banking practises. Keeping our customers, shareholders and staff ahead of the pack.

We are fluent in forward-thinking business demands. We keep you moving forward.

www.stanbicibtcbank.com

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Connecting Africa to the world, and the world to Africa

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.

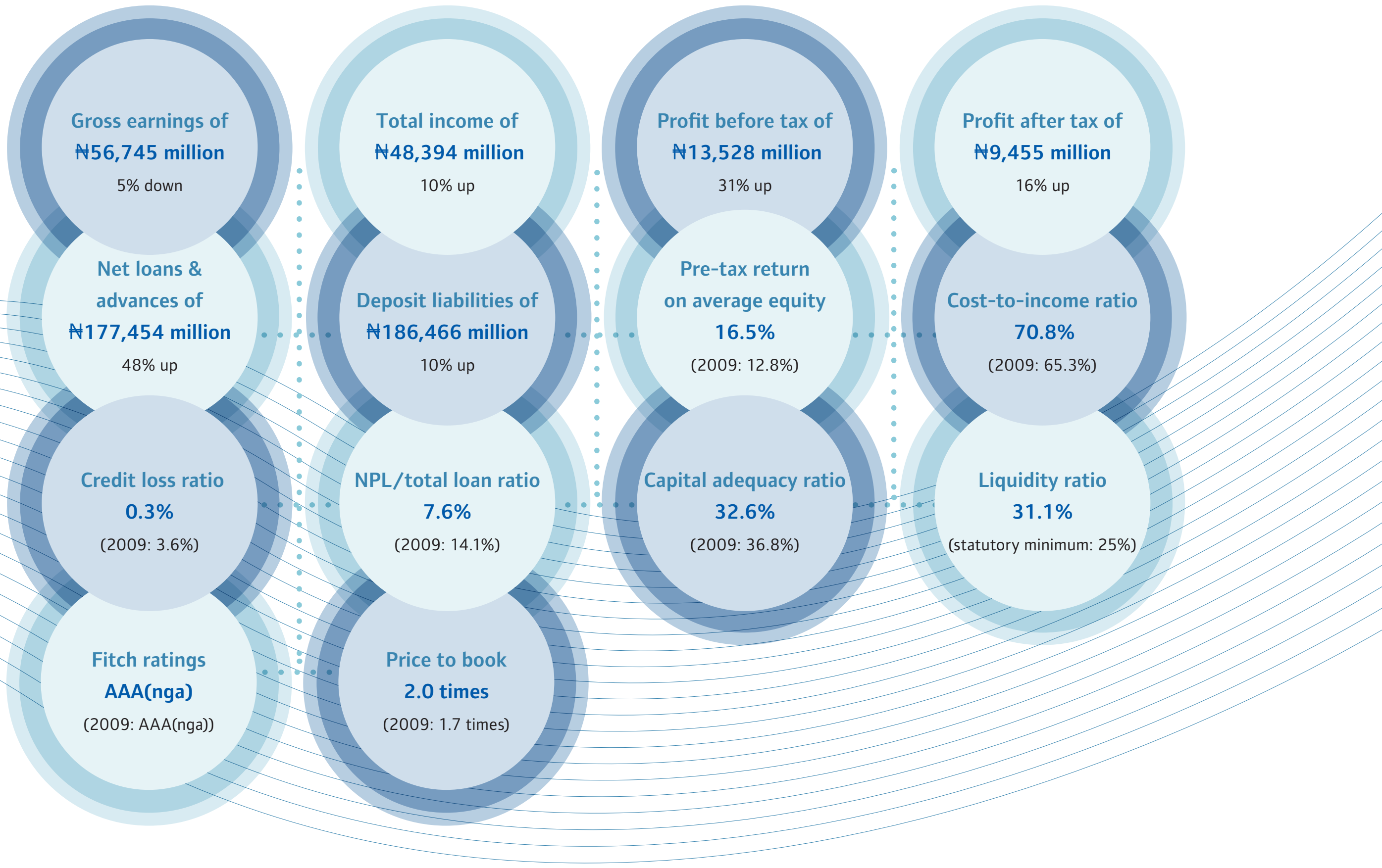
Guarding against arrogance

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

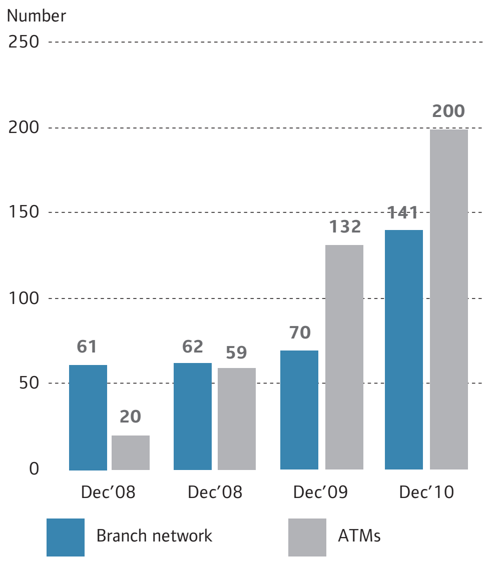
We, and all aspects of our work, are interdependent. We appreciate that, as teams, we can achieve much greater things than as individuals We value teams within and across business units, divisions and countries.

Financial highlights



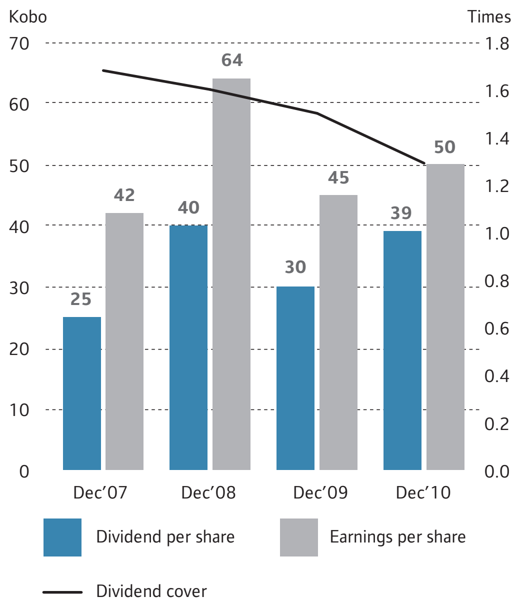
Points of representation

CAGR (2007-2010): Branch network 32%
ATMs 115%



Earnings and dividend per share

CAGR (2007-2010): Dividend per share 16%



A broad-based financial services business

The Standard Bank Group (SBG) merged its Nigerian operations, Stanbic Bank Nigeria (SBN) with that of IBTC Chartered Bank PLC (IBTC) on 24 September 2007. The merger, by way of the first ever tender offer in Nigeria and $525 million in foreign direct investment, was the largest in Nigerian financial history. The Standard Bank Group, which has a controlling stake of 50.8% in Stanbic IBTC, has been in business for over 148 years and is Africa's largest banking group ranked by assets and earnings.

SBN was created in 1992 when SBG acquired ANZ Grindlays' operations in Botswana, Ghana, Kenya, Nigeria, Uganda, Zaire, Zambia and Zimbabwe. SBN offered merchant banking services, while Investment Banking & Trust Company (IBTC) was established 22 years ago to offer investment banking and investment management services. IBTC merged with Chartered Bank and Regent Bank in 2005 and was thereafter known as IBTC Chartered Bank PLC - a universal bank. At the time of the merger with Stanbic Bank Nigeria, IBTC Chartered Bank PLC was the leading investment bank in Nigeria.

Stanbic IBTC Bank PLC is a universal bank and has consolidated its position in Nigeria as a diversified business with a proven track record. The group focuses on the three key business segments – Corporate & Investment Banking, Personal & Business Banking and Wealth Management that leverage the skills, economies of scale and synergies that come from being part of an international group, and our excellent Nigerian pedigree.

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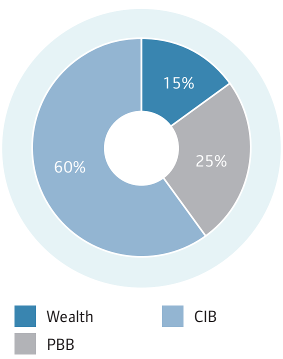
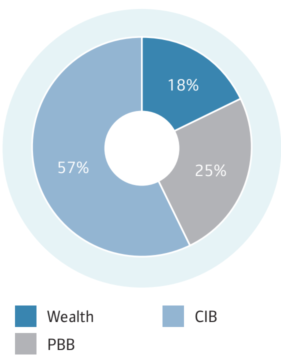
Corporate & Investment Banking (CIB)	Personal & Business Banking (PBB)	Wealth
Gross revenue ₦33.7 billion	Gross revenue ₦14.3 billion	Gross revenue ₦8.7 billion
Corporate and investment banking services to larger corporates, financial institutions and international counter-parties in Nigeria.	Banking and other financial services to individual customers and small to medium sized enterprises.	Investment management in form of asset management, pension fund administration and trusteeship.

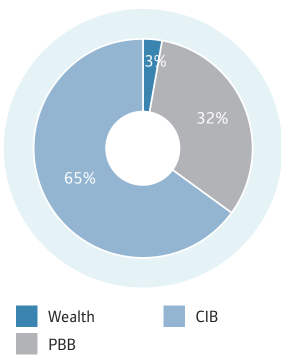
Gross revenue



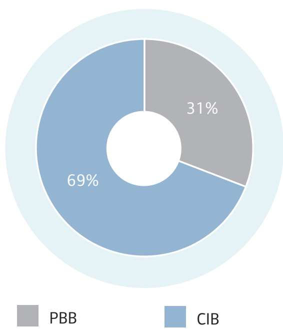
Total income



Total assets



Gross loans and advances



Recognition

ACQ Country Award

The ACQ Finance Magazine Country Awards is an annual event that celebrates the top Mergers & Acquision dealmakers and their transactions. Stanbic IBTC Bank has been awarded 'Bank of the Year, Investment Bank of the Year 2010 and Best Debt Advisory Firm of the Year. Getting an accolade of this value amidst several other notable competitors is a very important nod for Stanbic IBTC Bank.

Best Custodian Bank in Nigeria

The bank was voted the Best Custodian Bank in Nigeria in the Global Custodian 2010 Emerging Markets Awards in the domestic, cross border and leading client's categories. The award affirms the bank's position as a leading custodian in Nigeria.

Finance Monthly Global Awards

This is a celebration of companies which are considered the best in their class, particularly in the light of one of the most demanding periods commerce has experienced for decades. Stanbic IBTC Stockbrokers Limited (a subsidiary of the bank) was awarded the Best Stockbroker of the Year by Gobal Awards.

Best Investment Bank in Nigeria 2010, EMEA Finance Awards

Stanbic IBTC Bank won the Best Investment Bank Award 2010, from EMEA Finance, for its achievement, successes and notable transactions in the course of the year.

Fair Play Award

This was conferred on the bank during the Nigeria Banker's games 2010 for displaying outstanding spirit or sportsmanship

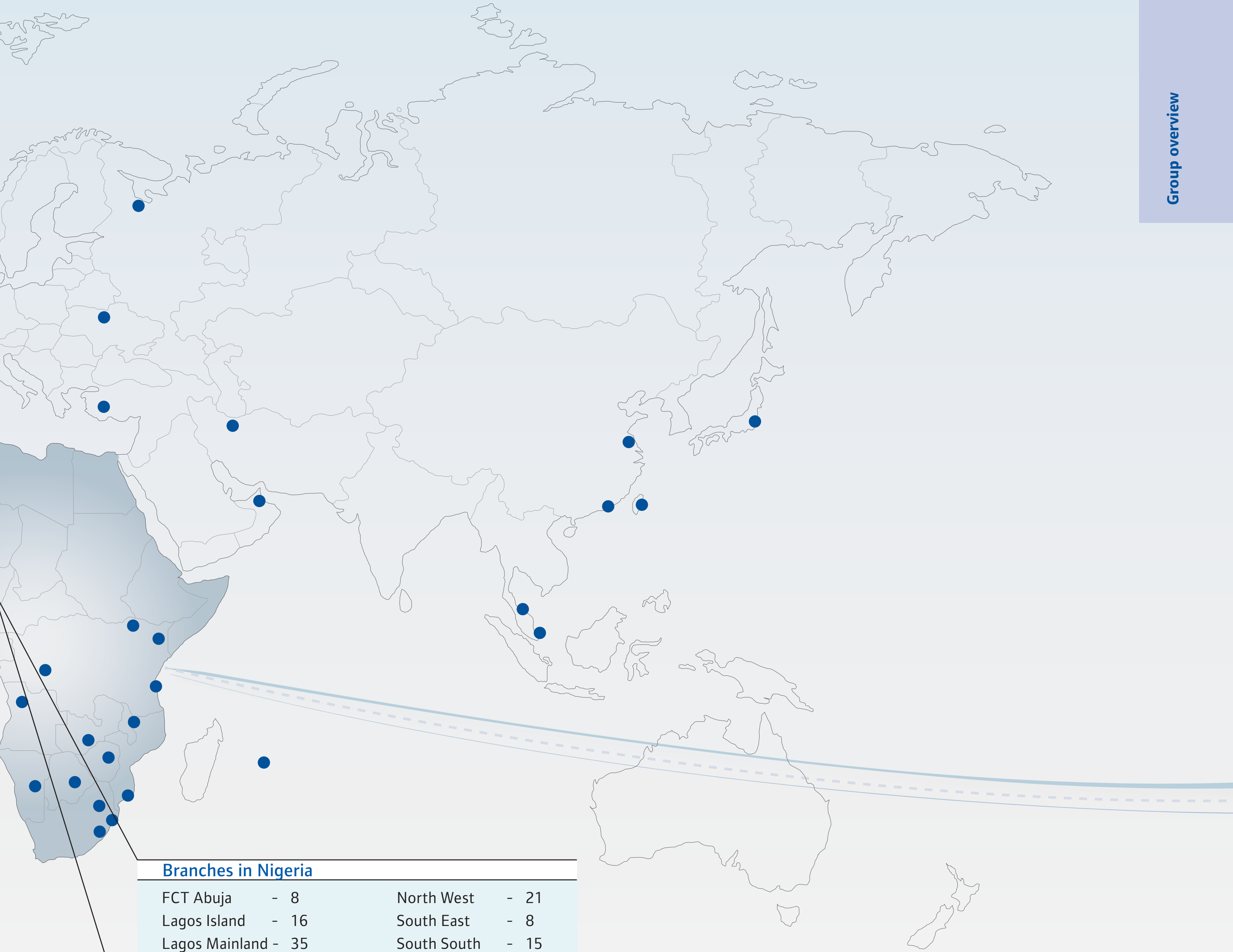
Other awards won by the Bank include:

- Best Brokerage House, EMEA Finance, 2010
- Best Issuing House, EMEA Finance, 2010
- Best Investment Bank in Nigeria, Euromoney, 2010
- Best Investment Bank, EMEA Finance, 2010
- Physiotherapy Disabled Friendly Award, 2010 Nigeria Society of Physiotherapy
- ADVAN Award for Marketing Excellence, 2010 - "Campaign of the year - Radio"

Standard Bank Group at a glance

Where we operate

* Market capitalisation R170 billion (US$26 billion)
* Total assets R1.341 trillion (US$202 billion)
* Operating in 17 African countries and 15 countries outside Africa
* 53,351 employees (2,248 in Nigeria)
* 1,216 branches (141 in Nigeria)
* 6,816 ATMs (200 in Nigeria)

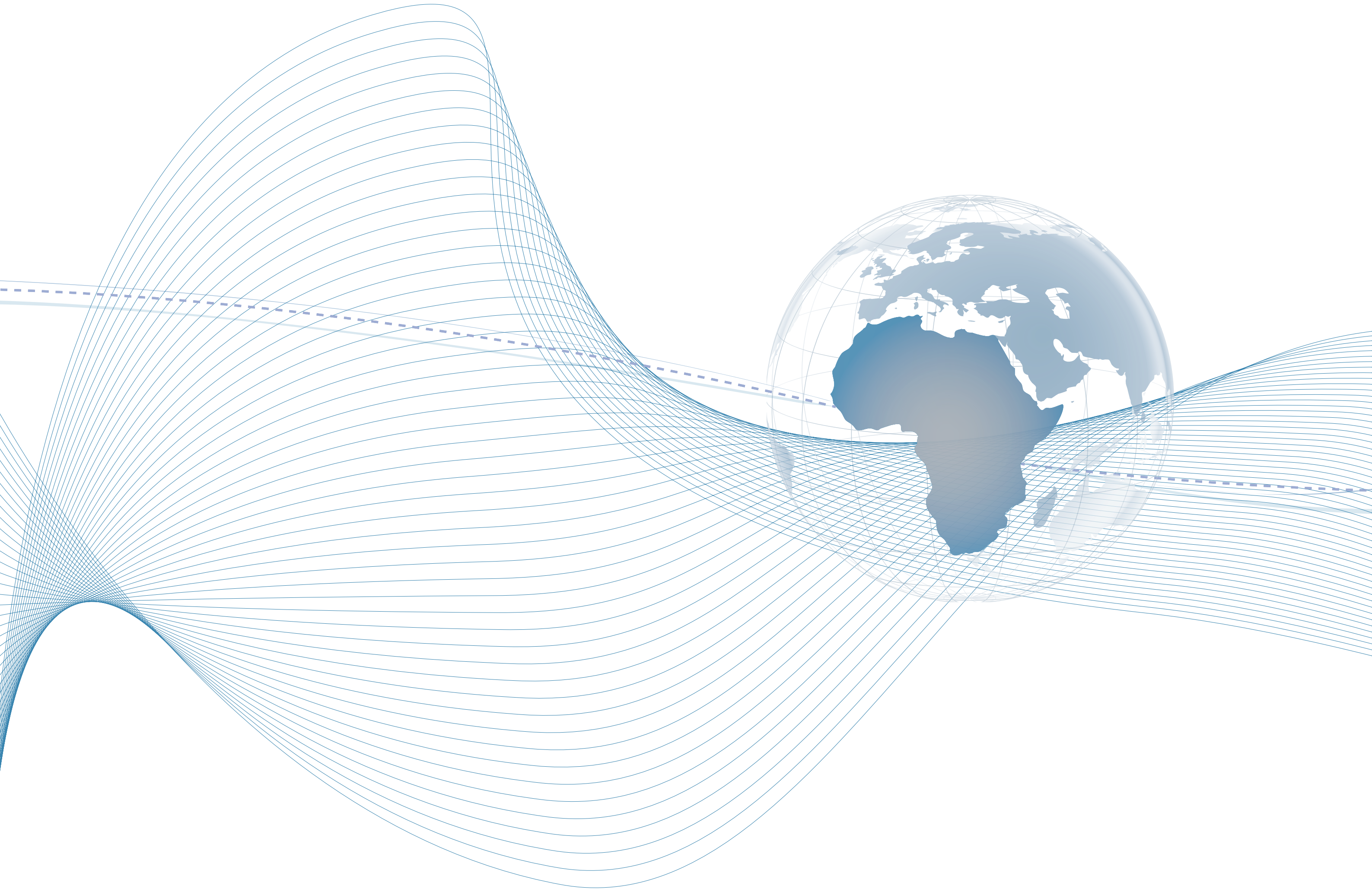


Branches in Nigeria

FCT Abuja	8	North West	21
Lagos Island	16	South East	8
Lagos Mainland	35	South South	15
North Central	8	South West	25
North East	5		

ATMs

FCT Abuja	12	North West	30
Lagos Island	35	South East	17
Lagos Mainland	44	South South	15
North Central	9	South West	31
North East	7		



Business review

2011 has become an important transition period for our bank and also for Nigeria.

"I am however pleased to report that both Stanbic IBTC Bank PLC and our parent, Standard Bank Group, take succession planning very seriously as we realise that our business will only remain safe and secure if it continues to be overseen by safe and trusted hands."

Atedo N A Peterside (OON)
Chairman

In the build up towards this 22nd Annual General Meeting (AGM) of our bank, there was a beehive of activity in terms of personnel movements at the board level. This has naturally generated some mixed feelings for me and some of the older directors. While we are pleased to welcome one new face, we are naturally saddened that so many of our longest serving non-executive directors have had to move on at about the same time.

reduction in its deficit as a percentage of GDP to 3.62%) as a signal that it was eager to place a lid on its own spending and gradually roll back the fiscal stimulus that saw its budget deficit target (as a percentage of GDP) climb to 6.10% in 2010. Unfortunately, the National Assembly hiked the projected total expenditure by as much as 13% before approving the budget.

"On account of recent initiatives by the Central Bank of Nigeria to "ring fence" the business of investment banking from consumer banking, we expect to restructure our group operations along Holding Company lines."

I am however pleased to report that both Stanbic IBTC Bank PLC and our parent, Standard Bank Group, take succession planning very seriously as we realise that our business will only remain safe and secure if it continues to be overseen by safe and trusted hands.

At the national level, there was intense political activity on account of party primaries early in the year which were a prelude to the April general elections. The year 2011 has therefore become an important transition period for our bank and also for Nigeria. The months preceding an election are also a very difficult period for curbing the fiscal excesses of governments. The virtual depletion of the excess crude account reserves, from nearly $20 billion in 2008 and the erosion of the nation's external reserves which dwindled from $42 billion at the onset of the current administration to a little over $32 billion as at 31 December 2010 have also generated some controversy. This, added to the fact that the Government was borrowing domestically at negative real interest rates to finance a growing deficit which was largely funding recurrent expenditure, fuelled inflationary expectations as well as concerns over exchange rate stability.

While the inflation rate has remained stubbornly in the double-digits, with core inflation closing the year 2010 at just below 11%, a significant spike in consumer prices has however not materialised, probably because the impact of fiscal expansion was offset by a weak money multiplier and a contraction in private sector credit. Yet public sector credit extension increased substantially, in line with Nigeria's total debt stock which climbed from around $25 billion at the end of 2009 to above $34 billion as at 31 December 2010.

The Federal Government moved to contain some of the concerns regarding its countercyclical policies by using the 2011 budget proposals (a projected 18% cutback in expenditures and a

Income statement

The Stanbic IBTC Group (Stanbic IBTC Bank PLC together with its subsidiaries) achieved gross earnings of ₦56.7 billion for the 12 months ended 31 December 2010, which was 5% below the ₦59.8 billion achieved in the corresponding period ended 31 December 2009. The decrease is largely a result of the extreme market liquidity in the first three quarters of the year which led to lower yields on inter bank and fixed income investments. There was however a partially offsetting decrease in interest paid on deposits arising from conscious efforts to replace expensive deposits with cheaper funds. Cautious growth of the loan book and improved revenues associated with transactional banking volumes and new advisory mandates also helped to mitigate the impact of the fall in gross earnings.

Net interest income increased by 5% from ₦25.1 billion to ₦26.4 billion due to a reduction in our average deposit interest rates, which were partly offset by decreased revenue from money market and fixed income activities. Total assets increased by 13% to ₦384.5 billion. Consequently, the net interest margin decreased from 7.4% recorded in the prior year to 6.9%.

Non-interest revenue increased by 18% from ₦18.7 billion in 2009 to ₦22.0 billion in 2010, as a result of new advisory mandates, increased transactional volumes and gradual recovery of the capital market which offset the negative impact of lower trading revenue due to the stability in exchange rates and the concomitant reduction in arbitrage opportunities.

In line with the growth and expansion strategy of the group, investment in infrastructure, (doubling branch network to 141) skilled employees and systems enhancement continued in the period under review and this contributed to the increase in operating expenses by 20% to ₦34.2 billion.

Chairman's statement

Having made adequate provisions on delinquent facilities in prior years, the group was able to achieve substantial recoveries on some of these accounts and this resulted in a 87% reduction in net credit impairment charge, with the amount reducing from ₦4.9 billion in 2009 to ₦0.6 billion in 2010.

Overall, group profit before tax increased by 31% from ₦10.3 billion in 2009 to ₦13.5 billion in 2010.

Balance sheet

The group's total assets increased by 13% from ₦340.5 billion as at 31 December 2009 to ₦384.5 billion as at 31 December 2010 due largely to a strong growth in loans and advances. In response to the lower interest rates on the money market and fixed rate instruments, the group focused on responsibly growing its lending book i.e. by concentrating its efforts on quality exposures. The gross risk asset portfolio increased by 41% from ₦133.1 billion to ₦187.1 billion.

Total liabilities recorded an increase of 16% from ₦259.0 billion in 2009 to ₦299.4 billion in 2010 largely driven by the increase in deposits.

In line with its comprehensive risk management framework, the group continues to conservatively provide for its loans and advances portfolio. Substantial recoveries were however made on the significant portions of previously provisioned accounts and this resulted in the reduction in non-performing loans. As at 31 December 2010, non-performing loans amounted to ₦14.2 billion, representing 7.6% of total advances in comparison to ₦18.8 billion and 14.1% respectively in the prior year.

Shareholders' funds grew by 4% to ₦83.8 billion as at 31 December 2010. The change in shareholders' funds represents the undistributed portion of the current year's profits. Having regard to all of the foregoing, your directors are pleased to recommend a dividend payout of 39 kobo per ordinary share of 50 kobo amounting to ₦7.3 billion, which is 30% higher than the 30 kobo per share paid in the prior year.

General

Since our last AGM, Dr Alewyn Burger, Mallam Ahmed Dasuki, Dr Christopher Kolade CON, Mr Bhagwan Mahtani and Sam Unuigbe have all resigned from the Board.

In accordance with Article 81 of the bank's Memorandum and Articles of Association, four directors - Mr. Moses Adedoyin, Mrs Ifeoma Esiri, Ms Marna Roets and myself are retiring today as directors. Mr. Adedoyin, Mrs Esiri, Ms Roets and myself, all being eligible, are offering ourselves for re-election. Later in the meeting, we will be required to vote on the election of Mr. Arnold Gain, who was appointed a director after the last AGM. We will also be voting on nominations received in relation to our audit committee.

Our Corporate Social Responsibility (CSR) initiatives in 2010 were focused on contributing to the improvement of the educational sector in Nigeria, making an impact in the health sector and also helping in the general development of society. Using Lagos as a pilot, we activated the Stanbic IBTC Adopt-a-School programme (which involves the overhaul and restoration of schools across the country). We also undertook the development and commissioning of the Stanbic IBTC Sickle Cell Library, whereby the facilities of a world class library are now in place to aid research into the Sickle Cell scourge. In general, we intensified our support for various social causes which offer value to the communities in which we operate.

As an important local bank, our CSR initiatives hope to streamline all these efforts with a view to enhancing our ability to take development even further amongst our people, and in so doing, contributing towards creating an enabling environment for more rapid economic growth. The social capital generated from this has assisted greatly in Stanbic IBTC Bank in the forefront of the new consciousness towards doing business responsibly in Nigeria.

Overall, we are pleased with the way our business has shaped up during the course of 2010. However, on account of recent initiatives by the Central Bank of Nigeria to "ring fence" the business of investment banking from consumer banking, we expect to restructure our group operations along Holding Company lines and so we expect the bank, Stanbic IBTC Pensions, Stanbic IBTC Stockbrokers and other current subsidiaries of the bank to all operate as direct subsidiaries of a Stanbic IBTC Holding Company. Appropriate announcements will be made before these changes take place and necessary proposals in this regard will eventually be tabled before shareholders.

On behalf of the board of directors, I would like to thank all those who have contributed in one way or the other towards the success of our business in 2010. These include our clients, staff, regulators, suppliers, host communities, shareholders etc. It is my sincere hope that we can continue to count on your support in the years ahead.

ATEDO N A PETERSIDE (OON)
Chairman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Bank
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2010 will be remembered as challenging for the Nigerian banking sector and Nigeria as a whole.

"Given this environment, we deem the results of the group to be positive. Our capital and liquidity positions remain robust, as indicated by the confirmation of our Fitch AAA (nga) rating. In summary, on the back of our growth strategy we achieved a strong network expansion, good balance sheet growth and a loan and advances growth well in excess of the industry."

Chris Newson
Chief executive officer

Overview

As the year unfolded there emerged a significant amount of political uncertainty, given the ailing health of the late president and upcoming elections, a global economy (particularly the developed countries) that continued to struggle to emerge from recession and on-going reform in the banking sector. The Nigerian economy however continued to reflect strong (in worldwide terms) GDP growth averaging 7.85% which was driven by both oil and non-oil sectors (agriculture, telecoms, construction).

An improving oil price and production levels meant that Nigeria managed to achieve a strong current account surplus, which did not however translate into a growth in gross reserves. On the contrary, national reserves continued to fall, ending the year some $11 billion below where they had opened. Although, at over $32 billion, these reserve levels remain credible and strong when compared to levels of import cover. In addition, the almost complete depletion of the excess crude account and the high growth in public sector borrowing (+59%) all indicate the strong expansionary policies employed by the Federal Government.

Of particular impact on the banking industry was the high level of market liquidity maintained by the CBN for most of the calendar year. Such excess liquidity, along with the ongoing CBN interbank guarantee, resulted in interest rates reducing dramatically from December 2009 levels and turn negative in real terms. However, the excess liquidity in the system did not immediately translate into sustained credit growth to the private sector which actually was negative for the first 7 months of 2010. During this period, the majority of the banking sector tended to place their liquidity in “safe havens”, while focusing on their risk asset portfolios and in some cases awaiting the implementation of AMCON. As a consequence of this prevailing “risk averseness”, competition for better quality assets became very high. The beneficiaries of this were undoubtedly the better quality counterparties who enjoyed considerably lower rates than in 2009. On the back of the CBN’s intervention, the last quarter of 2010 did however see a part reversal of some of these trends with reduced levels of liquidity and a general increase in the interest rate environment. It is also notable that credit growth to the private sector did turn positive in the latter few months of the year, thereby achieving an annual positive growth of around 6%.

There were fears expressed that the expansionary nature of monetary and fiscal policies would translate into significant inflationary pressures. However, this was not the case; significantly due to the limited credit extension growth (i.e. a low money multiplier effect) which saw inflation ending the year up on 2009 but not significantly so.

The capital markets performance was varied with periods of strong recovery generally followed by some pull back on profit taking. The market did however consolidate to achieve a net gain of 18.5% for 2010 although average daily activity declined from 414.7 million shares in 2009 to 377.9 million shares in 2010. One of the positive features of the markets recovery was the increase in foreign portfolio investment which saw net inflows of some ₦381 billion (USD2.5 billion) against ₦215 billion (USD1.4 billion) in 2009.

Given this environment, we deem the results of the group to be positive. Our capital and liquidity positions remain robust, as indicated by the confirmation of our Fitch AAA (nga) rating. In summary, on the back of our growth strategy we achieved a strong network expansion, good balance sheet growth and a loan and advances growth well in excess of the industry. We remain confident that our risk management approach is appropriate and should ensure the sustainability of such growth.

Average customer deposits grew a healthy 39%, which also reflects good growth in the level of current account balances, an important indicator of the success in delivering the expansion of our physical network and growth in the number of transactional banking relationships. The reports will also reflect the strong performances delivered by a number of our capital markets and advisory businesses.

The group continued its investment drive in 2010 and showed some considerable progress in this regard. As mentioned, the delivery of an expanded physical infrastructure was very pleasing with the group now having a network of 141 branches spread throughout Nigeria. In addition, our ATM network has also expanded to 200 ATM’s. The critical project to move our core banking platform from Equinox to Finacle is currently on track and should see us “go live” in the 3rd quarter of 2011. As may be expected, all this investment has resulted in the continued increase in our cost base.

In a year that proved challenging from a revenue generation perspective, the above has inevitably seen our cost to income ratio rise to our upper target level and is a key area of focus for the management team. There is clearly a need to balance future growth with sustainability.

Chief executive's review

We are grateful that as an indicator of some key successes, 2010 saw Stanbic IBTC again receiving a number of accolades and awards, being:

- Global Finance Awards for best Sub Custodian , 2010
- Best Investment Bank in Nigeria, Euromoney, 2010
- Best Brokerage House, EMEA Finance, 2010
- Best Investment Bank, EMEA Finance, 2010
- Best Issuing House in Africa, Africa Bankers Award, 2010
- Best Custodian in Nigeria, Global Custodian 2010 Emerging Markets Award
- Stockbroker of the Year Award - Finance Monthly Magazine
- Physiotherapy Disabled Friendly Award, 2010 Nigeria Society of Physiotherapy
- 2010 ADVAN Award for Marketing Excellence - "Campaign of the year - Radio"
- ACQ Global Award 2010 for Bank of the Year in Africa

A very 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 & Investment Banking, Personal & 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 serve 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 our ability to leverage off our parentage, that being the Standard Bank Group. Senior management within Stanbic IBTC operate under a matrix reporting system designed to ensure maximum congruency of customers and product strategies, leverage off expertise and capabilities across all geographies that Standard Bank operates in and to ensure maximum exposure of our staff to "best practice" and career advancement. In particular, given that Industrial and Commercial Bank of China has a 20% 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 ourselves.

The events of 2009/10 within the Nigerian Banking sector brought home many lessons, the most critical being the importance of corporate governance and the need for a very robust risk management approach. As a response thereto, during the course of 2010 the Central Bank of Nigeria brought out a number of new and proposed regulations. Stanbic IBTC remains totally committed to all aspects of corporate governance and risk management and continues to strive to position itself at the forefront of these principles in Nigeria.

One of the key pieces of regulation that was released is the repeal of the current universal banking model. Given that Stanbic IBTC currently operates as a full universal banking group and wishes to continue as such, it is our intention to comply therewith through a Holding Company structure.

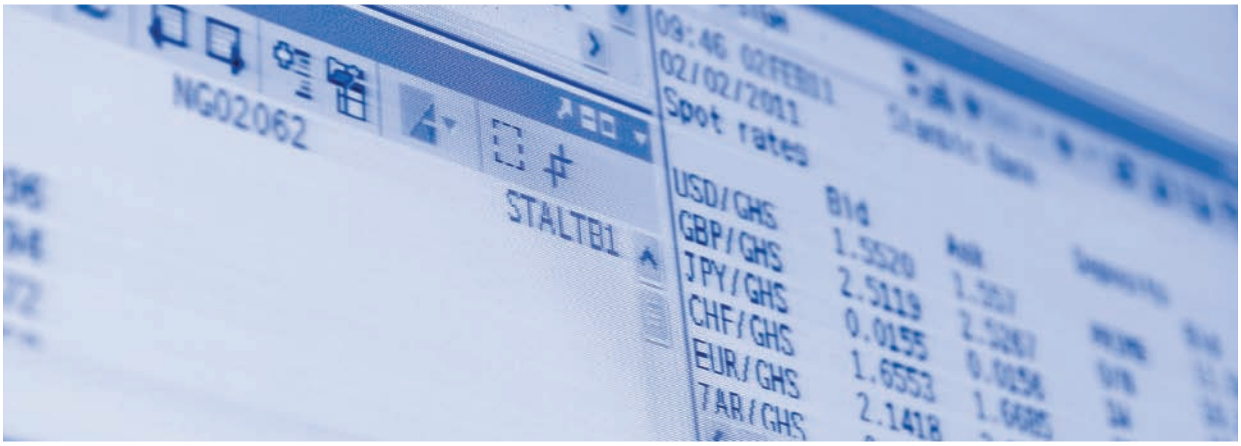
We believe effectively communicating with all our stakeholders is a critical aspect of building and managing the Stanbic IBTC brand. We have continued to invest in our capacity in this regard. I wish to say a big Thank You to all of those who have assisted in making 2010 a reality. I would particularly once again wish to thank our shareholders, 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.

Due to a number of factors, 2011 is likely to also be a challenging year for most Nigerians. The successful conclusion of the general elections in April 2011 will be critical in setting the base for possible growth acceleration in the rest of 2011. December 2010 saw the implementation of the first phase of AMCON's activities, which is certainly a positive step forward, however it is probably important to also recognize that it is only a part of the process to the ultimate sustainable reform of the sector. The present government has committed itself to addressing certain of Nigeria's significant infrastructure deficiencies, particularly power. It is our sincere hope that momentum is not lost in this regard as we believe success herein will be a major catalyst for growth in the future.

With Nigeria having an estimated GDP growth for 2011 of 7%, which again should exceed global growth estimates, we look forward to a successful and rewarding year for all.

CHRIS NEWSON
Chief executive officer

Economic review



Global economic environment

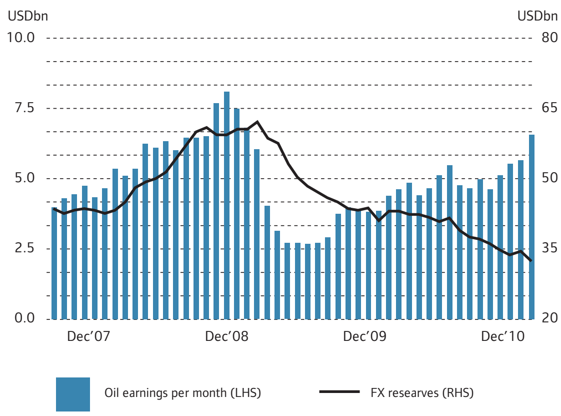
The global economy continued to recover in 2010 as output expanded 4.8%, following a contraction of 0.6% in 2009, primarily driven by emerging and developing countries. Although growth also rebounded in advanced economies, there have been concerns over the still sluggish macroeconomic metrics in the US and the budget position of the Eurozone which ultimately forced several governments to introduce drastic fiscal consolidation programs. That said, a double-dip scenario did not materialise and policy makers in key developed countries remained determined to make the necessary de-leveraging process as smooth as possible. Overall, monetary stimulus was still on the agenda, supporting the substantial improvement in global risk appetite and leading to a rally in commodities. Indeed, the oil price closed the year at US$96.4/barrel from US$79.2/barrel in early 2010.

Economic growth

Nigeria's real economy showed some improvement with GDP growing by 7.36% in the first quarter of the year, 7.69% in the second quarter, 7.86% in the third quarter and expected 8.29% in the last quarter. This would translate into an average growth rate of 7.85% in 2010, from 6.96% in 2009. Although agriculture was still the dominant sector in terms of contribution to GDP (39.0% in half year 2010), the fastest growth rates were recorded in the telecoms (33.7%), hotels and restaurants (12.1%) and construction sectors (12.0%). However, the Finance and insurance sector lagged aggregate growth, expanding by only 4.3%, which partially reflected the systemic issues in the banking system. In this context, the Asset Management Corporation of Nigeria (AMCON)'s initial launch in late 2010 was generally perceived as a positive step forward in addressing the meltdown in the financial sector and erasing the banks' non performing loans.

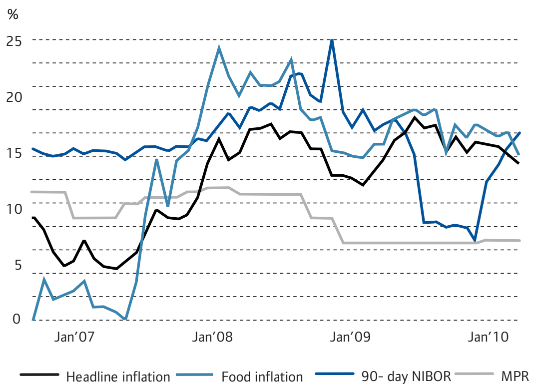
Increasing oil prices and the Nigerian economy

The increasing crude oil price was positive for Nigeria's external metrics as it implied relatively robust trade and to a lesser extent, current account surpluses (5.2%/GDP in the first three quarters of 2010), supported by the rebound in oil production associated with the amnesty programme in the Niger Delta region. In this regard, crude oil output averaged 2.05 mbpd in 2010, from 1.84 mbpd in 2009. Nevertheless, foreign reserves continued to consistently slide, reaching US$32.3bn by end December 2010, from USD42.4bn in January 2010. This reflected the sizeable monetization of the excess crude account on the back of countercyclical fiscal policies, but also episodic spikes in demand for dollars amid weak naira confidence and substantially negative interest rates. Still, on the upside, the import cover ratio of 13.8 months was still the third highest in Sub-Sahara Africa after those of Botswana and the Republic of Congo.



Exchange rate and interest rate dynamics

The naira came under pressure in September 2010 as a result of increased corporate, but also liquidity-driven, demand for dollars. Consequently, the Central Bank of Nigeria (CBN) reacted by hiking the standing deposit facility by 325 basis points between late September and November to 4.25% (and the MPR by 25 basis points to 6.25%) in order to tighten liquidity and preserve exchange rate stability. The sharp rebound in money market and treasury bill rates in last quarter of 2010 was the product of this policy shift: 90-day NIBOR jumped to a range of 12-15% in fourth quarter 2010 from a low of around 6% in early September, while the 91-day Treasury-bill rate spiked to around 7.6% in the primary market in late 2010, from lows of 2% in first quarter of the year. This effectively ended the era of cheap money in Nigeria. While long-dated bond yields had started to rebound in late first half of the year, this trend accelerated in the second half of 2010 as the Debt Management Office (DMO)'s issuance surged to record high levels. Consequently, the yield on the 20-year bond reached 14.5% in last quarter of 2010 in the primary market, from lows of 7.0% in second quarter. However, the DMO gradually cut the size of domestic borrowing in November and December to prevent an unsustainable rise in the cost of funding, supporting a stabilisation and marginal rally in bonds yields by year-end. Average inflation rose to 13.7% year-on-year (YoY) in 2010, from 12.5% (YoY) in 2009, but the decline in consumer prices to 12.8% (YoY) in November and 11.8% (YoY) in December ultimately contributed to the drop in long-dated yields. Also, it became increasingly obvious that the substantial fiscal expansion over the past two years had been offset by a weak money multiplier and failed to translate into sizeable core inflationary pressures. Besides, food prices still continued to drive the revised CPI basket, in which they account for 50.7%, from a previous 63.8%: food inflation stood at 14.8% (YoY) in 2010 as against 12.4% (YoY) for non-food inflation.



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 ₦381 billion in 2010 compared to ₦215 billion in 2009. The Nigerian Stock Exchange gained 18.5% in 2010, driven by both international and domestic investors, especially as it became evident that policy-makers were keen to tackle the issue of bad loans in the banking system. Furthermore, the upward trend in long-dated bond yields in the second half 2010 attracted foreign fixed income investors into the debt market for the first time since 2008.

Nigerian policy environment

Several policy avenues came to the fore in 2010 in addition to the exchange rate and interest rate interaction mentioned above. First, the CBN and policy-makers focused on the revival of the banking system by setting up AMCON and improving the regulatory framework in the financial system. AMCON officials indicated by year-end that they would soak up nearly ₦2.5 trillion of bad debts, of which margin loans represented an estimated 40% to 50%, by issuing zero-coupon bonds in early 2011, and non-tradeable consideration bonds in the meantime. AMCON's success, and potential mergers & acquisitions in the sector, become also critical factors to boost private sector lending which contracted by 4.9% (YoY) in 2010. Private sector credit growth began to rebound in the second half of 2010 and was positive for four consecutive months as of November 2010, but collapsed in December as the toxic assets brought back by AMCON were written-off. Meanwhile, public sector credit surged to record high levels, with its growth rate reaching 67.8% (YoY) in December. Second, the government pushed for the adoption of the Petroleum Industry Bill in parliament, as it sought to increase the participation of local companies in the oil industry and improve the efficiency and solvency of the Nigeria National Petroleum Company (among other issues). The administration also unveiled a comprehensive program to address chronic power shortages, including the privatisation of the Power Holding Company of Nigeria and incremental private sector involvement in the industry. Power generation had fluctuated between 2,000 megawatt and 3,000 megawatt in 2010, well below the government's target of 6,000 megawatt, and this translated into significant price pressures in the manufacturing sector, and the economy as a whole.

Summary

Official figures suggest economic growth remained robust and broad-based; yet a turnaround in private sector credit has yet to materialise and reverse a previous downturn driven by the margin-lending crisis. Although the first quarter was associated with increased institutional uncertainty, the smooth political transition in 2010, coupled with the initiation of key reforms, paved the way for a structural transformation of the Nigerian economy in the coming years and its emergence as a core geopolitical force in Sub-Sahara Africa and the emerging-market space.

Financial review

Overview of financial results

Despite the unprecedented lull in the economy following the slow and gradual recovery from the shocks of the global meltdown in the previous years, the group was able to post a good result for the year. The group commenced the year operating in a market characterized by excess liquidity, dwindling margins and cautiously recovering equity markets.

The diversified nature of the group's business helped in achieving the good performance for the year and this was driven by income from new advisory mandates, increased transactional volumes and asset under management and a gradually recovering capital market.

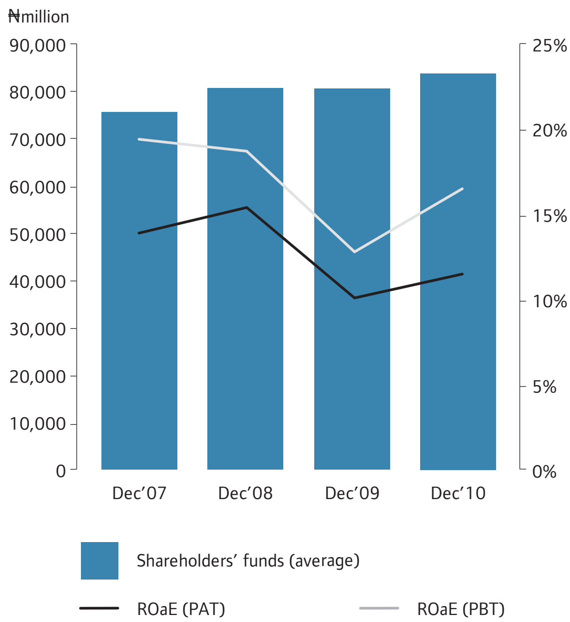
Highlights of the 2010 results reflect increased customer confidence as evidenced by the growth in deposit liabilities as customers sought for flight to safety following the financial sector reforms and a responsible approach to asset growth in line with the group's comprehensive risk management framework.

Having made adequate provisions on delinquent facilities in prior years, the group was able to recover on some delinquent accounts and this resulted in 87% reduction in net credit impairment charge, with the amount reducing from ₦4.9 billion in 2009 to ₦0.6 billion in 2010. While total income before credit impairments grew by 10%, income after credit impairments was up by 23%. The group participated in the sale of toxic assets to Asset Management Corporation of Nigeria (AMCON) to the tune of ₦14 million. The sale had an insignificant impact on the reduction of credit impairment charges.

Profit after tax increased by 16%, from ₦8.1 billion in 2009 to ₦9.5 billion due to increase in fees and commissions and improved quality of the risk asset book.

	2010	2009
Return on average equity (pre tax)	16.5%	12.8%
Return on average equity (post tax)	10.7%	9.5%

Return on average equity



Return on equity for the group improved from 12.8% in 2009 to 16.5% in 2010 as a result of improved earnings and fruitful recovery efforts.

Notwithstanding the lull in the economy and regulatory induced rationalisation in the banking industry, the group continues to grow its points of represenation by opening additional branches within the country in order to improve service and product delivery. The number of representations doubled from 70 in 2009 to 141 in 2010 and we expect that this trend will continue in 2011.

Economic factors impacting the results

Global economic activity slowed its rebound momentum towards the end of 2010, due to uncertainty surrounding the sustainability of growth, especially in the world's three biggest financial markets – Europe, United States and China. Sovereign debt default concerns and policy responses in Europe, a mix of disappointing job and housing market data in the US and the tightening of monetary policy (credit growth) by China to cool its over-heated property market raised fears that global GDP growth may continue to stall. The sovereign debt default crisis has prompted fears of a double-dip recession, with negative implications for manufacturing activities, commodities prices, as well as the entire global financial system.

Meanwhile, the World Bank expects growth in developing and emerging countries to support the rebound from the current sluggish global economic recovery. It also expects developing countries to account for one-half of global GDP growth in the years ahead. Real GDP data at the respective country levels have been relatively volatile, reflecting large fluctuations in net exports tied to a sharp deceleration in world trade growth.

For the country, security concerns were a major issue during 2010 especially the issue of the Niger Delta crisis, but with the completion of the Amnesty program, crude oil production rose and averaged 2.1 mbpd from 1.8 mbpd in 2009.

The Central Bank (CBN) had embarked on quantitative monetary policy since late 2009, which involved injecting liquidity into the market to ease the credit squeeze induced by the global financial crisis. The CBN in the third quarter of 2010 increased the standing deposit facility by 325 basis points between late September and November to 4.25% (and the MPR by 25 basis points to 6.25%) in order to tighten liquidity and preserve exchange rate stability and also make placement by banks with the CBN unattractive, therefore forcing the creation of new risk assets, especially towards the real sector. This action precipitated an immediate reduction in interbank rates across varying maturities.

Interest rates, treasury bill rates and savings deposit rates decreased to record lows and remained so for most of the early part of the year thereby leading to the reduction in income from interest yielding investment opportunities.

Key financial highlights

Performance indicator	2010	2009
Total income growth	10%	3%
Credit impairment charges growth	(87%)	(3%)
Profit before tax growth	31%	(29%)
Gross loans and advances growth	41%	18%
Deposit growth	10%	78%
Capital adequacy	32.6%	36.8%
Net interest margin	6.9%	7.4%
Return on average equity (pre-tax)	16.5%	12.8%
Return on average assets (pre-tax)	3.7%	3.0%
Earnings per share	50k	43k
Price to book (times)	2.0	1.7
Long term Fitch rating	AAA(nga)	AAA(nga)

Profit and loss analysis

Net interest income

Net interest income grew by 5% to ₦26.4 billion on the back of strong growth in loan book and decrease in interest paid on deposits, which were more than enough to douse the impact of the reduction in lending rates and low yields in investment securities. While interest income decreased from ₦40.9 billion in 2009 to ₦34.4 billion as a result of decline in market interest rates, the group was able to reduce its interest expense by 49%, from ₦15.8 billion to ₦8.0 billion through a proactive restructuring of the funding base and replacement of expensive deposits with cheaper funding in line with market opportunities.

Total assets increased by 13% to ₦384.5 billion. Consequently, the net interest margin decreased from 7.4% recorded in prior year to 6.9%.

Personal and business banking year on year net interest income decreased by 4% from ₦8.1 billion in 2009 to ₦7.7 billion in 2010 due to negative endowment as interest rates declined.

Corporate and investment banking net interest income increased by 12% from ₦16.1 billion in 2009 to ₦18.1 billion in 2010 chiefly due to the significant 54% reduction in interest expenses as a result of lower funding cost and a positive change in deposit mix.

Financial review

Interest income	2010 ₦million	2009 ₦million	Change %
Interest income	34,359	40,920	(16)
Interest expense	(7,989)	(15,813)	(49)
Net interest income	26,370	25,107	5

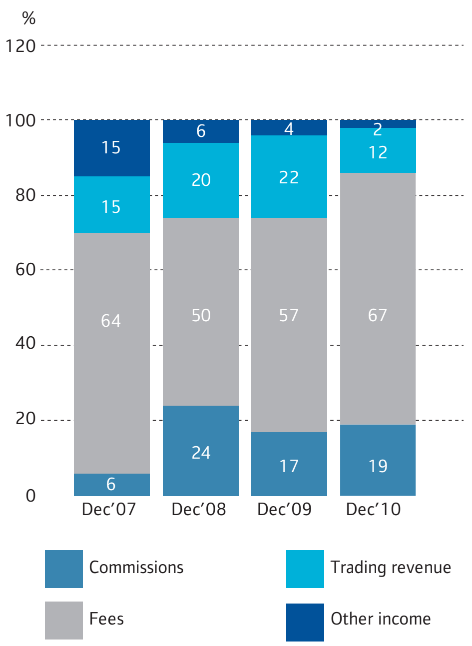
Non-interest revenue

Net fee and commission revenue increased by 38%, largely due to new advisory mandates, increased asset under management, improved transactional volumes and a gradual recovery of the capital market. However, trading revenue which is largely foreign exchange based registered a decrease of 36% due to relative stability of the exchange rate and lesser arbitrage opportunities.

Net fees and commissions accounted for 86% (2009: 73%) of total non-interest revenue in 2010.

	2010 ₦million	2009 ₦million	Change %
Net fee & commission	18,983	13,707	38
Trading income	2,658	4,169	(36)
Other income	383	840	(54)
Total	22,024	18,716	18

Non-interest revenue

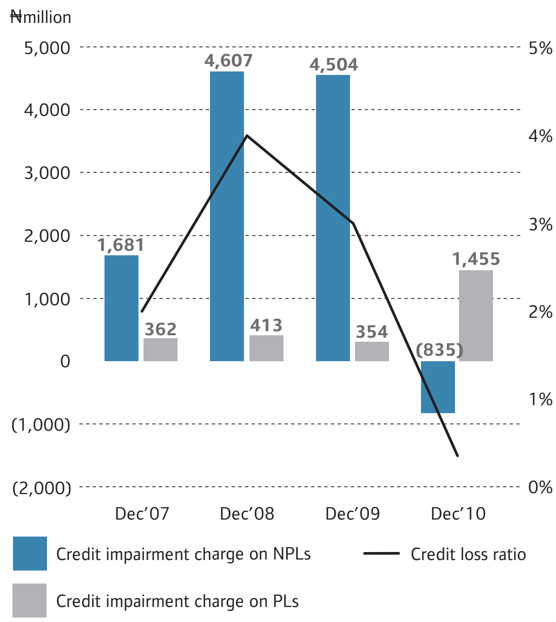


Credit impairment charges

	2010 ₦million	2009 ₦million	Change %
Specific provisions	(835)	4,504	>(100)
General provisions	1,455	354	>100
Total	620	4,858	(87)

The credit impairment charges decreased by 87% resulting from recoveries on some major accounts which were provisioned in prior years. This is without prejudice to the group's robust risk management processes which demands for a prudent approach to credit impairments. The substantial recoveries resulted in the credit loss ratio improving from 3.6% in 2009 to 0.3% in 2010. The group has not modified its provisioning policy and continues to impair assets using the same principles it used in previous years inclusive of a general debt provision.

Credit impairment charges and credit loss ratio



Operating expenses

The group investment in infrastructure, people and skills continued in 2010. Despite doubling branch network (and consequently staff increase of 12%) and increasing the number of ATMs by 52%, the group was able to contain expense growth to only 20%. Operating expenses increased to ₦34.2 billion from ₦28.6 billion in 2009. As a function of this, the cost to income ratio increased from 65.3% in 2009 to 70.8%.

	2010 ₦million	2009 ₦million	Change %
Staff costs	14,781	13,469	10
Other operating expenses:			
Auditor's remuneration	135	138	(2)
Communication	534	638	(16)
Depreciation	4,034	2,567	57
Information technology	2,431	1,538	58
Marketing expenses	1,318	1,197	10
Premises	2,764	2,527	9
Training, travel and accommodation	1,814	1,878	(4)
Others	6,435	4,671	38
Total other operating expenses	19,465	15,154	12
Total operating expenses	34,246	28,623	20
Cost-to-income ratio	70.8%	65.3%	

The increase in cost is unexpected given our continued drive to expand on our points of representation, automate and upgrade our IT infrastructure and the need to attract quality people.

In addition, in order to improve our service offering and delivery especially, in the personal and business banking market, the average staff headcount increased by 12% to 2,248, whilst number of branches doubled from 70 in 2009 to 141 at the end of 2010.

Balance sheet analysis

The group's total assets increased by 13% from ₦340.5 billion as at 31 December 2009 to ₦384.5 billion as at 31 December 2010.

Key balance sheet indicators

	2010 ₦million	2009 ₦million	Change %
Loans and advances to banks	88,659	76,954	15
Net loans and advances to customers	177,454	119,885	48
Total loans and advances	266,113	196,839	35
Deposits and current accounts	186,466	169,200	10
Shareholders' funds	83,750	80,480	4

Loans and advances

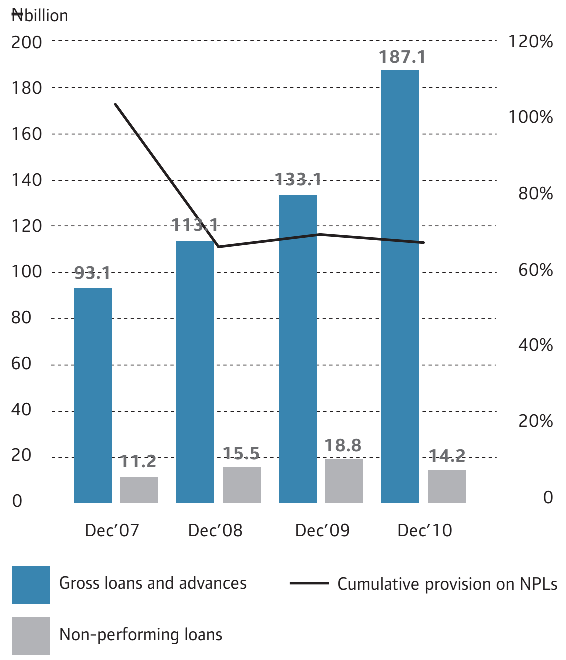
Loans and advances to customers (net), which accounted for 46% (2009: 35%) of total assets, grew by 48% to ₦177.5 billion. Personal and Business Banking net loans and advances increased by 105% to ₦53.6 billion in response to our group's retail footprint.

The Corporate and Investment Banking net loans and advances grew by 32% to ₦123.9 billion largely due to strong growth in infrastructural project and structured finance.

The non-performing loans (NPL) declined by 24% to ₦14.2 billion. The NPL to total loan ratio also improved significantly to 7.6% (2009: 14.1%), evidencing fruitful recovery efforts notwithstanding the group's comprehensive risk management framework and prudent provisioning policies. The participation by the group in the sale of a few toxic assets amounting to ₦14 million to AMCON had no significant impact on the decrease in non-performing loans. The NPL coverage ratio (excluding the net present value of security) of 68% was slightly lower than 70% recorded in 2009, while the coverage ratio with security was 163% in 2010.

Financial review

Gross loans & advances and non performing loans

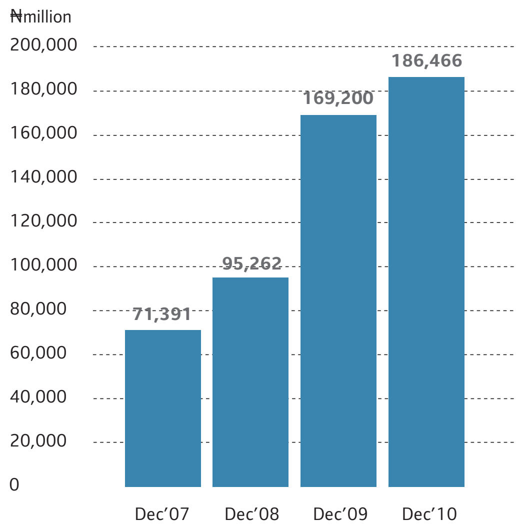


Funding and liquidity

Total deposits and current accounts, which represent 49% of total liabilities and equity, increased by 10% to ₦186.5 billion. The growth in deposit liabilities is evidence of increased customer confidence in the group in a very competitive market, a consequence of the growing branch footprint. Personal and Business Banking deposits increased by 10%, while Corporate and Investment Banking deposits increased by 11%.

Deposit liabilities

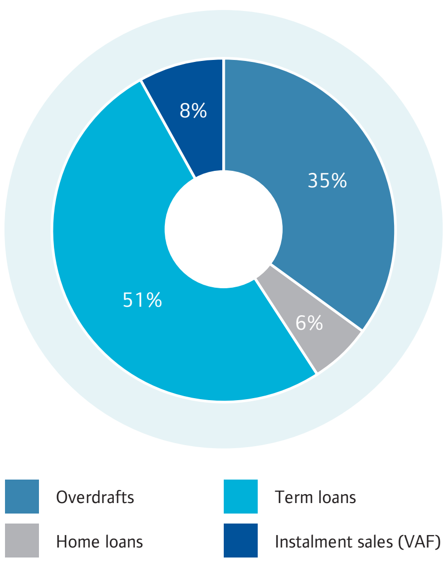
CAGR (2007-2010):36%



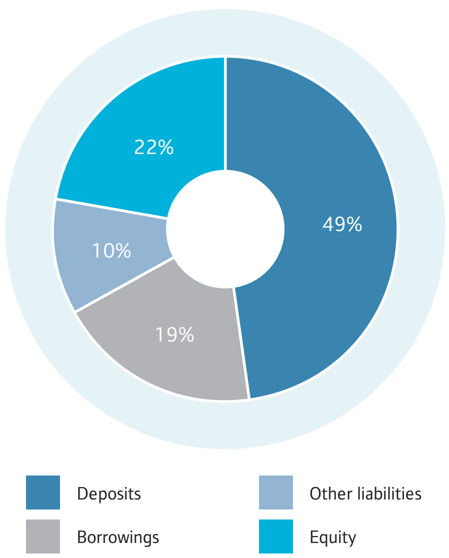
Composition of gross loans and advances

Term loans constitute 51.3% (2009: 43.1%) of total loans with home loans increasing to 5.7% from 4.1% in 2009.

Breakdown of loan book



Funding mix



Capital adequacy

Total shareholders' funds grew by 4% from ₦80.5 billion to ₦83.8 billion, however, the group continued to be very well capitalised. Tier 1 capital adequacy ratio was 31.4% (2009: 35.8%), while the total capital adequacy ratio was 32.6% (2009: 36.8%). The ratio is significantly higher than the regulatory minimum of 10%. The group's capital is deemed adequate to support business risks and contingencies and the growth strategy of the group.

	2010 ₦million	2009 ₦million	Change %
Tier I capital	83,657	80,480	4
Tier II capital	3,252	2,177	49
Total qualifying capital	86,909	82,657	5
Risk weighted assets	266,764	224,614	19
Capital adequacy			
Tier I	31.4%	35.8%	
Tier II	32.6%	36.8%	

Proposed dividend

The board of directors has proposed a dividend of 39 kobo per share, amounting to ₦7.3 billion for the 12 months ended 31 December 2010 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 an increase of 30% over the dividend paid for the period ended 31 December 2009 of 30 kobo per share on the issued share capital of 18.75 billion ordinary shares amounting to ₦5.6 billion.

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 statements and balance sheets for the comparative years 31 December 2009 and 2010 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.

Financial review

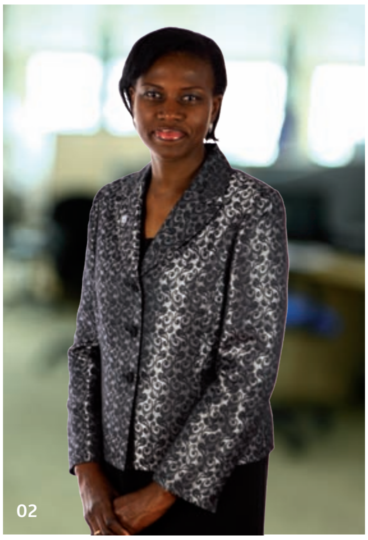
IFRS income statement

	Group 2010 ₦million	Group 2009 ₦million	Change %
Interest income	24,342	25,609	(5)
Interest expense	3,895	9,685	(60)
Net interest income	20,447	15,924	28
Non-interest revenue	29,823	28,221	6
Net fee and commission revenue	17,751	13,707	30
Trading revenue	11,689	13,674	(15)
Other revenue	382	840	(54)
Total income	50,270	44,145	14
Credit impairment charges	191	3,956	(95)
Impairments for non-performing loans	(2,167)	4,059	>(100)
Impairments for performing loans	2,358	(103)	>(100)
Income after credit impairment charges	50,079	40,189	25
Operating expenses	34,476	29,752	20
Staff costs	15,011	13,598	10
Other operating expenses	19,465	15154	28
Profit before tax	15,603	11,437	36

IFRS balance sheet

	Group 2010 ₦million	Group 2009 ₦million	Change %
Assets			
Cash and balances with central banks	10,048	7,772	29
Pledged assets	18,573	16,966	9
Derivative assets	263	188	40
Trading securities	70,886	95,520	(26)
Financial investments	28,936	30,192	(4)
Loans and advances	212,396	153,371	38
Loans and advances to customers	179,105	111,976	60
Loans and advances to banks	33,291	41,395	(20)
Other assets	15,740	14,010	12
Current and deferred taxation	939	594	58
Equity investment in group companies	-	1	>(100)
Property and equipment	31,252	26,878	16
Total assets	389,033	345,492	13
Equity and liabilities			
Equity	89,805	85,012	6
Equity attributable to ordinary shareholders	88,429	83,995	5
Ordinary share capital	9,375	9,375	-
Ordinary share premium	47,469	47,469	-
Reserves	31,585	27,151	16
Minority interest	1,376	1,017	35
Liabilities	299,228	260,480	15
Trading liabilities	50,116	97,448	(49)
Deposit and current accounts	192,350	111,186	73
Deposits and current accounts with customers	186,118	110,931	68
Deposits and current accounts with banks	6,232	255	>100
Other liabilities	52,139	47,013	11
Current and deferred tax liabilities	4,623	4,833	(4)
Total equity and liabilities	389,033	345,492	13

Executive committee



01 ***Chris Newson***
Chief executive officer

02 **Sola David-Borha**
Deputy chief executive officer

03 **Yinka Sanni**
Deputy chief executive officer

04 **Marna Roets**
Executive director, Business support

05 **Jacques Troost**
Executive director,
Personal & business banking

06 **Angela Omo-Dare**
Company secretary and head, legal

07 **Obinnia Abajue**
Acting CEO, Stanbic IBTC Pension Managers Limited

08 **Kandolo Kasongo**
Head, credit

09 **Isioma Ogodazi**
Head, human resources

10 **Ronald Pfende**
Chief financial officer

11 **Demola Sogunle**
Head, group risk

12 **Kayode Solola**
Head,
Corporate & investment banking

Personal & Business Banking

What we offer

We provide financial solutions to personal and business customers by offering the correct range of products and services at competitive pricing through the correctly placed and cost effective channels. Channels include the branches, ATM network, internet and telephone banking. Products include overdrafts, medium term loan, mortgage loans, vehicle and asset finance, credit cards, trade finance and a variety of savings and investment products.

2010 highlights

- Gross loans and advances increased by 93% to ₦57.3 billion
- Savings accounts balances increase by 60% to ₦9.4 billion
- Current accounts balances up 25% to ₦49.7 billion
- Branch network rose 101% to 141
- ATM footprint increased by 52% to 200
- Customer based increased by 30% to about 600,000
- Cash withdrawals at ATMs increased by 62% to ₦28.1 billion
- Significant improvement in deposit mix. Stable and lower priced deposits accounted for 72% (2009: 61%) of total PBB deposit
- Volume of transactions on ATMs increased by 51% to 80.6 million

2011 priorities

- Continue to grow branch and ATM networks
- Continue to grow customer base in all segments of the market
- Continue to responsibly grow loans and advances
- Continue to grow liability base with special focus on current and savings account balances
- Focus to responsibly grow Agricultural business
- Continue to improve on service quality as a key market differentiator
- Continue to focus on cost containment and operational efficiencies
- Focus on continuous improvement of the quality of PBB leadership and staff
- Sweating the "investment" in PBB business
- Focus on internal credit and risk management processes and systems

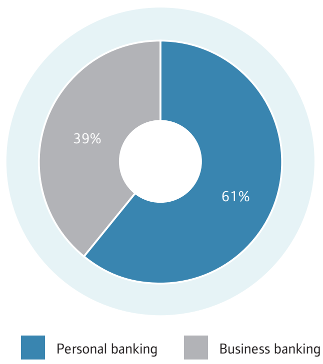
Net commissions and fees
₦4,545 million
2009: ₦2, 636 million

Total Income
₦12,236 million
2009: ₦11,318 million

Deposits
₦82,244 million
2009: ₦75,014 million

Loans and advances (net)
₦53,560 million
2009: ₦26,150 million

Revenue by business unit



Overview

Since the strategic decision in 2008 to reduce exposure to margin facilities, focus was placed on rebuilding the PBB asset book. With continuous focus on reviewing the PBB asset products portfolio and the risk appetite supported by effective credit approval processes, the business unit grew its asset book at 93%.

Having a low risk assets to liabilities ratio, less emphasis was placed on growing the liabilities base and more focus was placed on reducing the cost of interest expenses by replacing more expensive term liabilities with lower priced short term liabilities. As a result, the deposit mix (i.e ratio of low cost deposits (savings and current accounts) to total deposits) improved to 72% from 61% recorded in 2009.

We continued the journey to establish a profitable and long term sustainable retail business in Nigeria by focusing on both the Business and Personal markets. We continued to grow our physical and electronic channel presence in Nigeria. At the end of 2010, our branch and ATM networks have grown to 141 and 200 respectively.

This increase in footprint is supported by the continuous on-boarding of clients and profitability of such clients is ensured by the delivering of a range of products and services to the client base, which are aligned to their needs and requirements.

To ensure improved efficiency, continuous focus has been placed towards the productivity of our staff and improved processes and service delivery.

To ensure client loyalty in a very competitive market, ongoing focus is to foster good long term relationships with our clients through the delivery of positive client experiences by recruiting the right quality of staff, ensuring they have adequate skills and motivated by team leaders to add value through the provision of offering financial solutions and unsurpassable service levels.

Strategy

Expanding our reach

During 2010, we continued to grow our footprint and we now have representation in all of the States in Nigeria. We also followed the same approach regarding our ATM network while the internet platform was upgraded to offer additional functionality.

Improving the customer experience

With close to a hundred percent of our branch network both being upgraded or brand new, as well as having ATMs deployed at all the branches; client experience levels have improved while at the same time we are in closer reach to our client base.

A fast growing branch network comes with a new and young workforce and much time and resources have been deployed to ensure that they are adequately trained and developed. Various leadership interventions were also arranged to ensure that the workforce are well motivated and focus on positive client interventions.

To further improve service levels, a fully integrated call centre, which has the ability to handle both inbound and outbound calls, was established to deliver client enquiry and complaints management processes.

Containing cost

The PBB business is in an expanding phase but it remains important to manage costs effectively and continued focus is being placed on the productivity levels of our workforce together with the improvement of processes and procedures and the centralization of certain functions whilst at the same time focusing on increasing transactional activities and revenues.

Financial performance

	2010 ₦million	2009 ₦million	Growth %
Total Income	12,236	11,318	8
Staff costs	6,124	4,572	34
Other operating expenses	6,408	4,582	40
Provision for risk assets	1,133	1,038	9
Tax provision	(429)	304	>(100)
Profit after tax	(1,000)	882	>(100)
Deposits	82,224	75,014	10
Gross loans & advances	57,335	29,721	93

Looking ahead

We intend to continue growing our market share and share of clients' wallets during 2011. To achieve this, we will continue to invest in the branch and ATM networks as well as continue to expand our portfolio of products and services.

In 2011, we will be moving to a new core banking platform, which should assist us in our aspirations to further grow our market share, improve our service delivery and at the same time reduce our overall cost of delivery.

BT Technologies Limited **– Incorporated on the 5th of September 2001 with 100% Nigeria ownership, the firm is a fast growing truly Nigerian firm with speciality in telecommunication infrastructure.**

The company has over 250 employees and has developed core competencies locally in the maintenance of fibre optic networks, structured cabling & External Line Plant provisioning (ELP), networking of optic fibre and survey and design of optic fibre networks. From a humbling beginning as an IT training firm, the company has evolved into a major telecom infrastructure firm providing specialised services to some of the largest Telecom service providers in Nigeria including Multilinks, Airtel, Glo and MTN.

The programme

To meet the growing expansion in its network, Multilinks awarded BT Technologies Limited a ₦2.04 billion contract which entails providing fibre optic infrastructure (ELP) across 650 km of road covering six states in the south east and south south regions of the country.

Financing

Stanbic IBTC granted a ₦415 million facility in the form of a project finance facility to enable BT Technologies to take delivery of fibre optic cable, execute civil works and deliver the telecom infrastructure within the time frame of the project. The facility has since been paid down and over 97% of the job delivered as at end December 2010.

The market

The advent of GSM has ushered in an era of massive infrastructural development in telephony and telecommunication operations in the country, with a subscriber base exploding to over 57 million in 2010. The exponential growth in subscriber base is putting lots of pressure on telecommunication infrastructure. This gap is what truly Nigerian firms like BT Technologies have exploited to build core competences and expertise employing and up skilling over 250 Nigerians, majority of them engineers, to meet the challenges of GSM network operators.

The company has demonstrated a reputation for timely delivery, competence, reliability and use of appropriate technology to service delivery to the market place.

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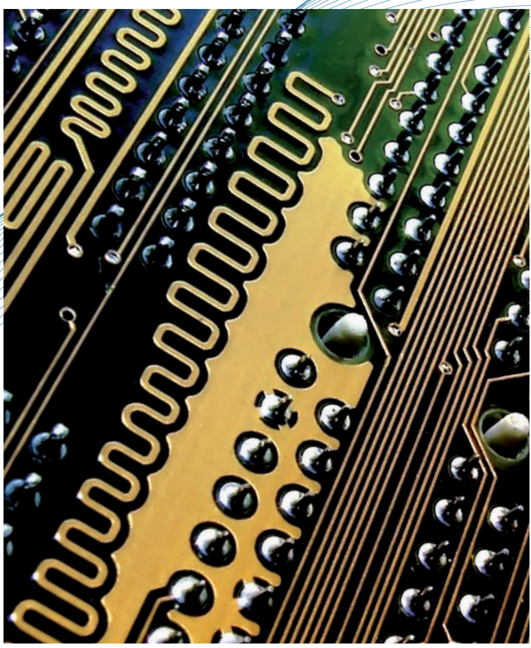
Don-P Communications Ltd ("Don-P") **with headquarters in Abuja was incorporated in April 2003. The company is primarily into wholesale marketing of GSM telecommunication recharge cards as well as mobile phones and accessories. They are the leading key dealer and trade partner to all the major telecommunication network providers in Nigeria, namely; MTN, Airtel, Glomobile, Multilinks, Starcomms and Visafone. The emergence of Don-P Communication Ltd as a formidable GSM dealer was predicated by the huge opportunities offered by the telecom industry following the first GSM license issued in 2001 by the Nigeria Government.**



The programme

For easy and effective distribution, the telecommunication network providers partner with major telecoms dealers like Don-P Ltd to retail their products through their established marketing channels.

In their stride to fully harness the evolving opportunities and market network expansion to various states of the federation, the dire need for steady working capital for the purchase of GSM stock to meet the increasing demand by their teeming customers became evident.

Financing

Stanbic IBTC financed their business with a total of ₦2.8 billion in the form of an overdraft, term loans and bank guarantees. This enabled Don-P to expand their market to Lagos, while growing their distribution network in Abuja, Jos and Enugu.

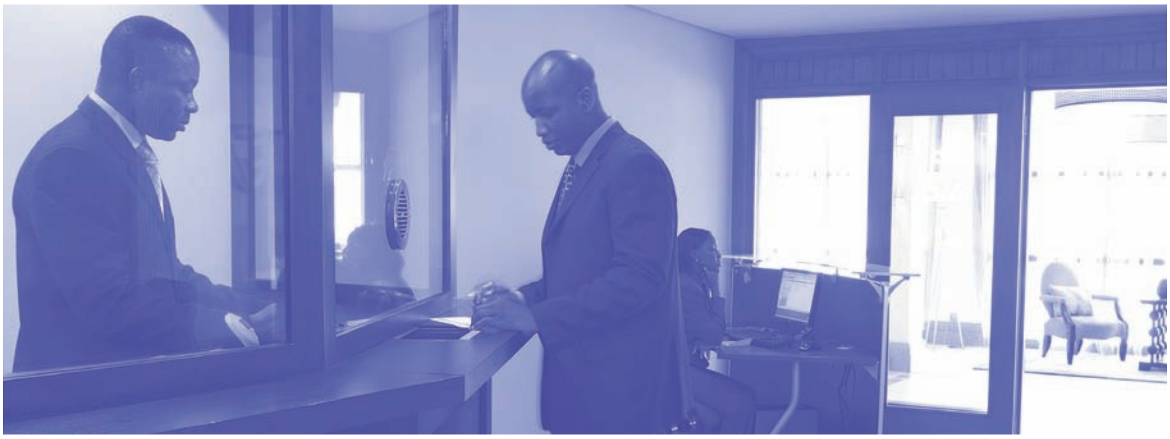
The market

Nigeria is the fastest growing telecoms market in the world. The teledensity has increased from 0.4% in 2001 to 40% i.e 57 million subscribers in 2010. Don-P as a company controls over 6% of the MTN market share in GSM recharge cards and accessories marketed in Nigeria. This is through their established channels in specific regions. The company is also an active partner in the distribution of GSM recharge cards for other notable networks such as Glo and Airtel etc.

With the support of Stanbic IBTC Bank, Don-P has won several awards over the years including;

- Drummer Award = MTN, Zain, Glo
- Best Dealer, Abuja Region = Glo
- Best Dealer Award Scholarship= Visafone, MTN

Corporate & Investment Banking



The CIB team has shown resilience in the face of the challenging banking environment witnessed during the year. The persistent excess liquidity in the system coupled with the on-going banking reforms made the banking terrain unusually challenging. Nonetheless, our corporate & investment business passed the test credibly, deploying its various products in Global Markets (GM), Investment Banking (IB) and Transactional Products and Services (TPS) to the delight of our various customers and recording growth in many of its performance indices in 2010.

What we offer

Corporate and Investment Banking (CIB) is the wholesale banking arm of Stanbic IBTC Bank PLC. We provide innovative investment and financing solutions to large local and multinational corporates, as well as to institutional and public sector clients in strategic sectors of the economy. We are appropriately positioned to meet our clients' varying needs both within Nigeria and across the border as a result of a combination of our industry expertise, cross-border linkages with Standard Bank's Global CIB team, a very strong balance sheet, our team of highly skilled and experienced professionals, and a strong and well respected brand in the Nigerian market.

2010 highlights

- Restructured the trade finance business and process to enable greater participation in this market segment.
- Maintained market leadership in project finance investment banking and global market businesses.
- Intensified our Chinese Corporates focus, with a view to leveraging Standard Bank's strategic partnership with the Industrial & Commercial Bank of China (ICBC)
- Intensified the lengthening of the tenor of loan book by a deliberate focus on medium to long term tenured risk assets.
- Successfully defended and grew the asset book by 26% during the year versus a low single digit growth recorded by the banking industry.
- Maintained our dominance of the secondary equity stock market with a market share in excess of 30% during the period.
- Grew holdings under custody by 44% to ₦525 billion.
- Refocused the relationship management team to create an Investment Banking Coverage team and a Corporate Banking Coverage team. The former team is devoted to creating and facilitating strategic opportunities for identified large corporate clients, including those of cross border nature by leveraging on Standard Bank's Global/Emerging Market footprint while the latter focuses on identifying, recruiting and "selling" our bank and all its product offerings to corporate clients in identified sectors of the economy.
- Set up a carbon trading desk

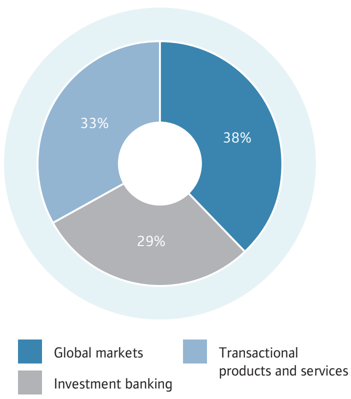
Net commission and fees
₦6,526 million
2009: ₦5,467 million

Total income
₦27,487 million
2009:₦25,586 million

Deposits
₦104,222 million
2009: ₦94,186 million

Loans and advances (net)
₦123,894 million
2009: ₦93,735 million

Revenue by business unit



2011 priorities

- Continue emphasis on growing the trade finance business.
- Increased focus on building quality long term loan books through the Investment Banking team, thereby creating a sustainable stream of annuity income.
- Focus on the Equity and Debt Capital Markets as more companies and state governments are expected to approach the capital markets for financing.
- Further repositioning of the relationship management team for effectiveness and closer working relationship with our transactional bankers.
- An aggressive client acquisition program.
- Continued improvement of service and processes.
- Cost and operational efficiency.

Overview

We carried out some internal restructuring during the year, to improve efficiency and the performance of each of the product houses within CIB. The Investment Banking Coverage team was carved out of the subsisting Coverage team to focus on those large corporate entities that require cross-border linkages. In addition, the sales team in TPS business was combined with the Corporate Banking Coverage team to provide clearer focus on clients and internal efficiency. This has enabled us to have a holistic view of the client and provide value-adding services to our clients.

The credit process was equally reviewed during the year to provide a faster throughput time for our credit applications. The old structure of layering credit application review was disposed of and a new structure where all the concerned parties are present in one approval meeting was introduced. This process review has been partly contributory to the growth of our loan book.

The budding TPS business contributed significantly to CIB's position during the year. The coming together of the hitherto Structure Trade Finance capability within the IB space and the Trade Services business within TPS to form the new Trade Finance business within TPS has led to a more concerted effort to grow trade business. The growth in the bank's branch network aided the TPS franchise by increasing our reach and thus increasing the volume of collections for TPS.

The upgrade of existing cash management applications and the introduction of new and more robust ones boosted the performance of the segment. The Investor Services unit within TPS won the Global Finance Awards for Best Sub-Custodian, 2010, amongst a handful of accolades.

The Global Markets pillar continued its leading role internally as the highest revenue generating segment as well as externally by being one of major market makers in foreign exchange (FX), money market (MM) and the fixed income (FI) businesses.

The Investment Banking business had a remarkable year. The team continued its dominance of Nigeria's investment banking space and this is buttressed by the sheer number and awards and accolades received by the team. The debt solutions team (compassing project finance, leveraged & acquisition finance & property finance units) within the IB business was instrumental in the impressive growth witnessed in the loan book thus securing a stream of annuity income. The Corporate Finance team was equally exceptional given the range of mandates won and the magnitude of deals executed.

CIB business across the group became balance sheet conscious during the year and this has encouraged a foray into deals and transactions which were earlier thought to be too big for the local balance sheet by using Standard Bank's distribution network. The importance of this innovative change could not be over-emphasized on the books of both the local CIB business as well as that of the group. It has equally fostered intra-group communication and co-operation.

Corporate & Investment Banking

Strategic direction

The challenging terrain witnessed in 2010 required clear and precise strategic initiatives from management aimed at not only defending our current market share but growing organically by increasing our wallet share of existing client business as well as attract new clients.

The strategic initiatives include:

- Continued growth in medium to long term risk asset book
- Focus on trade finance, with the aim of increasing our market share
- An aggressive client acquisition programme
- Repositioning the balance sheet to lower the cost of funding

Awards

The relentless efforts and outstanding contributions made by units within CIB were not unnoticed in the course of the year. Awards and accolades were showered on the team by various reputable institutions amongst which are:

- Global Finance Awards for best Sub Custodian , 2010
- Best Investment Bank in Nigeria, Euromoney, 2010
- Best Brokerage House, EMEA Finance, 2010
- Best Investment Bank, EMEA Finance, 2010
- Best Issuing House in Africa, Africa Bankers Award, 2010
- Best Custodian in Nigeria, Global Custodian 2010 Emerging Markets Award

Financial performance

Though the market terrain was quite challenging in 2010, CIB was able to post an impressive result on the back of clear strategic goals and team performance. The division's total income grew by 7% during the year with significant portion of it coming from a 54% reduction in interest expense due to the repositioning of the balance sheet specifically change in deposit mix coupled with lower cost of funding.

The key performance indicators are highlighted below:

	2010 ₦million	2009 ₦million	Growth %
Total income	27,487	25,586	7
Staff costs	7,026	7,444	(6)
Other operating expenses	10,307	8,541	21
Provision for risk assets	(513)	3,820	>(100)
Tax provision	3,106	810	>100
Profit after tax	7,561	4,971	52
Deposits	104,222	94,186	11
Gross loans & advances	129,807	103,379	26

Looking forward

The on-going banking reforms and the present economic situation present both challenges and opportunities for CIB.

It is therefore imperative to be forward looking and approach the imminent challenges and opportunities in 2011 with some well articulated strategies that will ensure that we harness the emerging opportunities as well as increase our market share. Some of these strategies include:

- One CIB – We expect to continue to develop our concept of One CIB whereby the CIB business will run group-wide on a balance sheet conscious model such that transactions can be booked on the balance sheet of any country provided the group has an appetite for the transaction and it does not violate any local regulatory laws. These will allow large ticket transactions to be done irrespective of the country of origination. The concept also encourages better working cooperation between CIB's 3 product houses – GM, IB and TPS with a view to better serving our clients.

- Improved coverage model – The segregation between investment banking coverage and corporate banking coverage will create client focused relationship teams. Specific needs of client will easily be accommodated under this model with the end result of providing tailor-made services for clients. Large corporate and multinationals will be able to access expertise knowledge on how to launch their business and access investment opportunities across the globe through our wide market presence.

- Efficiency in the credit process – Further reviews will be carried out on the credit review process across CIB in order to improve the process and make it more efficient whilst still maintaining the highest standard of credit review and approval process.

- Client acquisition – The drive is to increase our client base across all our priority sectors. The bank has grown in branch network and several improvements have been carried out on the bank's systems and infrastructure to better serve the clients. It is imperative to grow client base, to sweat the existing infrastructure and increase our market share.

- Debt solutions – The debt solutions team has been adequately resourced to undertake several projects and grow the loan book in order to create a stream of annuity income. The team will be looking at the various opportunities within key sectors of the economy such as power, infrastructure and oil & gas.

- Cost optimisation – There is need to focus on ways of eliminating avoidable costs and optimizing the benefits from the unavoidable ones.

- Trade business – The country remains an import dependent economy which means that increasing trade transactions remain an important part of our business strategy. It is expected that the fusion of structured and vanilla trade business will ensure a more successful year for the trade desk.

- Cash management solutions – Our expectation is that more volumes will be pushed through our electronic payment platform called new Business Online (nBOL). The platform has been upgraded to include new features and it is more user friendly. New applications such as Bulk Cheque Writing solutions and Auto Safe will further complement the existing cash management solutions thereby catering for a variety of client needs.

Oando PLC ("Oando" or the "Company") **is a leading Nigerian oil and gas company which generated over US$2 billion in revenue in 2009.**

Oando's business is organised into 6 business divisions:

(i) Exploration & production;
(ii) Energy services (in the upstream sector);
(iii) Gas and power (in the midstream sector);
(iv) Marketing;
(v) Supply and trading; and
(vi) Refinery and terminals (in the downstream sector).

The company had approximately US$660 million (naira equivalent) in short term debt which comprised overdraft, 90 day commercial paper, and trade finance facilities to 18 commercial banks and was seeking to implement an optimal capital structure in advance of executing a number of corporate finance initiatives and expansion programmes in its exploration and production business.

The programme

Stanbic IBTC Bank PLC ("Stanbic IBTC") was mandated as Global Co-ordinator and Structuring Bank to restructure a portion of Oando's short term debt into a term facility. US$400 million (naira equivalent) of the company's total debt was restructured from previously unsecured 90 day commercial paper into a fully secured syndicated medium term facility, which was held at the group level with security taken on five of the subsidiaries of the Oando Group.

The transaction required extensive financial and legal due diligence of the financing company's operations at both the holding company and subsidiary level which ensured that an adequate financing structure was put in place for the transaction and furthermore that the company would not violate any terms and conditions of its existing facilities at both the holding company and subsidiary levels.

Financing

Stanbic IBTC acted as Joint Mandated Lead Arranger with two other banks on the transaction. In its additional capacity as Structuring Bank and Global Co-ordinator on the transaction, Stanbic IBTC also undertook the roles of Financial Modelling Bank and Documentation Bank.

The transaction to date is the largest restructuring of a short term loan completed in 2010, in the Nigerian financial market.

- The restructure of Oando's commercial bank facilities was pertinent to the success of its corporate finance initiatives valued at US$640 million;
- This transaction consolidated the administration of the company's local commercial loans to a more efficiently managed process and Oando was able to streamline its banking operations in the process from 18 to 13 banks;
- Local banks are now in a secured position with regards to their loan exposure to Oando; and
- Stanbic IBTC in its capacity as Global Coordinator for the Oando transaction, was the de-facto financial adviser with respect to the restructuring of the company's balance sheet. As Global Coordinator / Financial Adviser, we were responsible for preparing the financial model that was used during the debt financing for the transaction. In addition we were responsible for structuring the transaction and providing support to the company from the stage when the term sheet was signed until financial close (initial disbursement).

The Bank won *"Bank Arranger of the Year Award"* from Africa Investor at the Ai Infrastructure Investment Awards 2010, on the back of this transaction, amongst others.

Dangote Cement Plc ("DCP") **is a fully integrated cement company with operations in Nigeria, Benin and Ghana. It is the largest cement company in Nigeria with an expected production capacity of 20mpta in 2011 (representing 70% market share). The company owns and operates Obajana Cement Plant, the largest cement plant in Sub-Saharan Africa and the second largest in Africa.**

Dangote Cement Plc (DCP) was incorporated as Obajana Cement in 1992 to operate plants for the preparation, manufacture, control, research and distribution of cement and related products. In 2007, DCP commenced operation of multiple domestic manufacturing and bulk import terminal operations across Nigeria. These include Obajana Cement Plant, Ibese Cement Plant (a green field plant), Dangote Bail Cement Terminals and Lagos Cement Terminals. Pre-merger, 99% of the company was owned by Dangote Industries Limited ("DIL").

Benue Cement Company Plc ("BCC") was incorporated as a private limited liability company in 1975. The company commenced cement production in 1980 and was listed on The Nigerian Stock Exchange ("The NSE") in 1991. In 2000, DIL became a core shareholder in BCC and subsequently took over management control in 2004. Pre-merger, 75% of the company was owned by DIL.

The programme

Stanbic IBTC acted as financial adviser to BCC in its ₦66.7 billion merger with DCP.

The objective of the merger was to consolidate the cement producing entities of DIL, thus presenting a better platform for the enlarged entity (post merger) to optimize the opportunities inherent in the Nigerian cement industry.

Shareholders of BCC and DCP approved the merger by voting at separate court-ordered meetings and the transaction was sanctioned by the Federal High Court rendering it effective on 8th October 2010. In line with the terms of the merger, BCC minority shareholders received 1 share in DCP for every 2 BCC shares originally held.

***DCP* was listed on The NSE on 26th October 2010 at ₦135 per share with a market capitalization of ₦2.1 trillion (representing 25% of The NSE's total market capitalization). It was the biggest listing ever on The Nigerian Stock Exchange.**

The AccuGas Gas Pipeline Project (the "project") **involves the construction of a new 65km pipeline with a capacity of 100mmcf/d from Frontier Oil Limited's / Septa Energy's Uquo gas field to Ikot Abassi in Akwa Ibom State, Nigeria. The project also involves the construction of a gas and liquids processing facility ("CPF") and liquids pipeline, which in aggregate will cost approximately US$250 million, of which AccuGas Limited ("AccuGas") will be investing a total of US$190 million in equity and pre-payments and the additional US$60 million will be funded by debt.**

The gas pipeline will deliver gas to Ibom Power Company Limited, a 180MW Independent Power Producer, which began operation in December 2009 and is slated to expand to 550MW in the near future.

AccuGas is a wholly owned subsidiary of Seven Energy International Limited ("Seven Energy"), a leading independent gas exploration and production company, which operates under the trade name of Septa Energy Nigeria Limited ("Septa Energy") in Nigeria. AccuGas was set up as a special purpose vehicle ("SPV") for the development of Seven Energy's gas pipeline infrastructure operations across Nigeria.

The programme

Stanbic IBTC Bank PLC ("Stanbic IBTC") was mandated as Lead Arranger, Global Coordinator and Structuring Bank, to arrange and raise the required debt financing for the project. In June 2010, AccuGas signed a US$60 million 8 year project finance facility with Stanbic IBTC and United Bank for Africa Plc ("UBA") to part finance the project, which is the first phase in AccuGas' and Septa Energy's development programme to bring the South East Niger Delta's substantial discovered gas reserves to market to meet the growing energy demand from power plants and industrial users in the region. This has been strongly supported by independent power companies, Akwa Ibom State and industrial companies, who require reliable gas supply for their operations.

AccuGas and Septa Energy have achieved a major milestone in Nigeria's gas development industry, as an indigenous gas producer, setting the pace for the nation's industrial economic growth. The financing represents the first true project financing in Nigeria for an integrated mid-stream gas infrastructure network, which includes an extensive gas pipeline distribution network and a gas processing facility and is also one of the first in Nigeria to comply with both the Nigerian environmental regulations and the IFC's Equator Principles.

In its capacity as Structuring Bank and Global Coordinator on the transaction, Stanbic IBTC also undertook the roles of Financial Modeling Bank, Facility Agent and Documentation Bank.

The Bank won *"African Midstream Oil & Gas Deal of the Year 2010"* from Euromoney Project Finance Magazine, on the back of this, amongst others.

IHS Nigeria Plc ("IHS") is a telecommunication infrastructure support services provider with presence in Nigeria, Ghana, Tanzania, Sudan and other Sub-Saharan African markets. The company commenced operations in 2001 by providing turnkey solutions for telecommunications operators and vendors and has emerged as a formidable operator in the sub-sector with its three-tier approach: Site Deployment Services, Managed Services and Collocation Services. IHS has over 2,500 sites under management.

Business review

Financing

In June 2010, Stanbic IBTC, through its Leveraged and Acquisition Finance unit, provided a fully underwritten $74 million syndicated medium term refinancing and capital expenditure facility to IHS. The 5-year facility was structured as dual-currency financing consisting of a local currency (Naira) tranche and a foreign currency (USD) tranche. The USD tranche was structured with a currency hedge to minimize foreign exchange risks. The proportion of foreign currency and local currency in the facility structure was optimally weighted to achieve a lower cost of debt capital whilst providing IHS with the appropriate loan tenor. In summary, the financing allowed IHS to restructure its balance sheet.

Stanbic IBTC acted as Mandated Lead Arranger for the financing which was also one of the largest funding led by a local bank to the telecoms infrastructure support sub-sector in 2010 and financial close was achieved within acutely tight timeline.

Partnership

Growth in the infrastructure support services sub-sector has been fueled by a cost management drive which has permeated the telecom industry landscape in 2010. In addition to the cost focus, the regulatory support for infrastructure sharing is also fuelling the growth of collocation services. This trend, which is expected to continue in Nigeria, is also expected to hold sway in other African telecoms markets. The financing provided by Stanbic IBTC will help position IHS to strengthen its position as the leading telecommunications solutions provider in Africa.

Wealth

The Wealth Group continued to show resilience in the face of market uncertainties by exceeding 2009 income and profit by 25%. Assets under management (AuM) and client numbers also grew to sustain the position of component businesses as market leaders in their various industries.

What we offer

- The wealth division focuses on private non-pension asset management and pension fund administration and management. The division will commence the offering of trusteeship and estate planning business from 2011 having obtained both the local and international approval in 2010.

2010 highlights

- Achieved record assets under management of ₦580billion to consolidate position as largest institutional investment business in Nigeria
- Year on year revenue growth of 25%
- Assets under management (AuM) grew by 51% over 2009 numbers to ₦580 billion (US$3.8b)
- Launch of 2 fixed income focused funds (Stanbic IBTC Money Market and Bond Funds)
- Regulatory approvals received for the commencement of Stanbic IBTC Trustees Limited ('SITL")
- Established the foundation for a robust distribtion platform to drive growth strategy
- Maintained cost efficiency by containing costs at about 50% of income

2011 priorities

- Focus on service to improve customer experience and brand affinity
- Continued growth in AuM and client numbers
- SITL to commence operations
- Add Shariah Compliant Investment theme for private clients

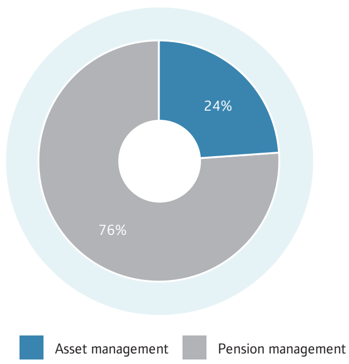
Total income
₦8,671 million
2009: NG₦6,919 million

Cost to income ratio
50.5 %
2009: 50.4%

Assets under management
₦580 billion
2009: ₦384 billion

Retirement savings accounts
834,298
2009: 726,879

Revenue by business unit



Overview

The wealth group is the group's third party investment management business. The wealth division comprised 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").

All required local and international regulatory approvals have been received for the establishment and operation of Stanbic IBTC Trustees Limited ("SITL"), the group's wholly owned trusteeship and estate planning subsidiary. SITL commenced business formally from 01 January 2011.

The wealth group consolidated its position as the largest wealth business in Nigeria extending the franchise of the component businesses and hitting a record ₦580 billion (US$3.8b) in assets under management. SIAML remained the largest independent asset manager in Nigeria measured by assets under management and number and size of mutual funds, while SIPML also remained the largest PFA in Nigeria by client size and assets under management.

Strategy

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. The inclusion of SITL allows us to extend the client offering to include the (inter-generational) transfer of assets.

In 2010 we focused on growth – in client numbers; assets under management and the scope of our wealth operations. For the pension business, where the client numbers are important, we added over 100,000 new clients and grew assets under management by 43% to close at ₦489 billion (US$3.2b). We are still focused on our goal to reach a milestone of 1 million Retirement Savings accounts. For the asset management business, we more than doubled our assets under management from ₦43 billion in 2009 to ₦91 billion (US$600 million) on 31 December 2010. This result instantly positions SIAML as one of the top 10 asset managers in Nigeria when the PFAs are included. SIPML remains the largest asset manager in Nigeria by assets under management.

Furthermore, the foundation for a robust distribution platform for the wealth group was established with the creation of a focused distribution (sales) team with the capability to cross sell into other group client bases. We also commenced the extension of our client wealth offering to risk management by offering clients the opportunity to procure health insurance through our network from Liberty Health/THT, the local affiliate of the Standard Bank Group's health insurance subsidiary. In addition, we maintained the focus on embedding a cost effective and scalable operating model and continuously improving internal operating efficiencies. After two years of implementation, the model is yielding the expected benefits and ensuring minimal cost growth despite a much larger operating scale.

Finally, the process of leveraging the bank's growing branch network was agreed and the accountability process defined. The pilot process highlighted the challenges and opportunities that should be managed and the appropriate attention is being paid to resolving the issues and harnessing the potential of an integrated financial services platform for our clients.

Financial performance

We were not overly ambitious about the market performance for 2010 based on an anticipated overhang from the financial crisis. This was exacerbated in Nigeria by the CBN induced banking reform and its impact on The Nigerian Stock Exchange. Our focus was therefore on strengthening our annuity and non-volatile income bases.

The foregoing approach proved to be prescient and 2010 was remarkably successful for the wealth group. Revenues and net earnings grew by 25% each over the 2009 results. Although the fee pressure remains, the much improved performance reflected not only the strength of our underlying business, but the level of efficiency and savings that was extracted from our operational improvement strategy. Total assets under management grew by 51% to ₦580 billion (i.e. over $3.8 billion).

	2010 ₦million	2009 ₦million	Growth %
Total income	8,671	6,919	25
Staff costs	1,631	1,453	12
Other operating expenses	2,750	2,031	35
Tax provision	1,396	1,090	28
Profit after tax	2,894	2,345	24

Business review

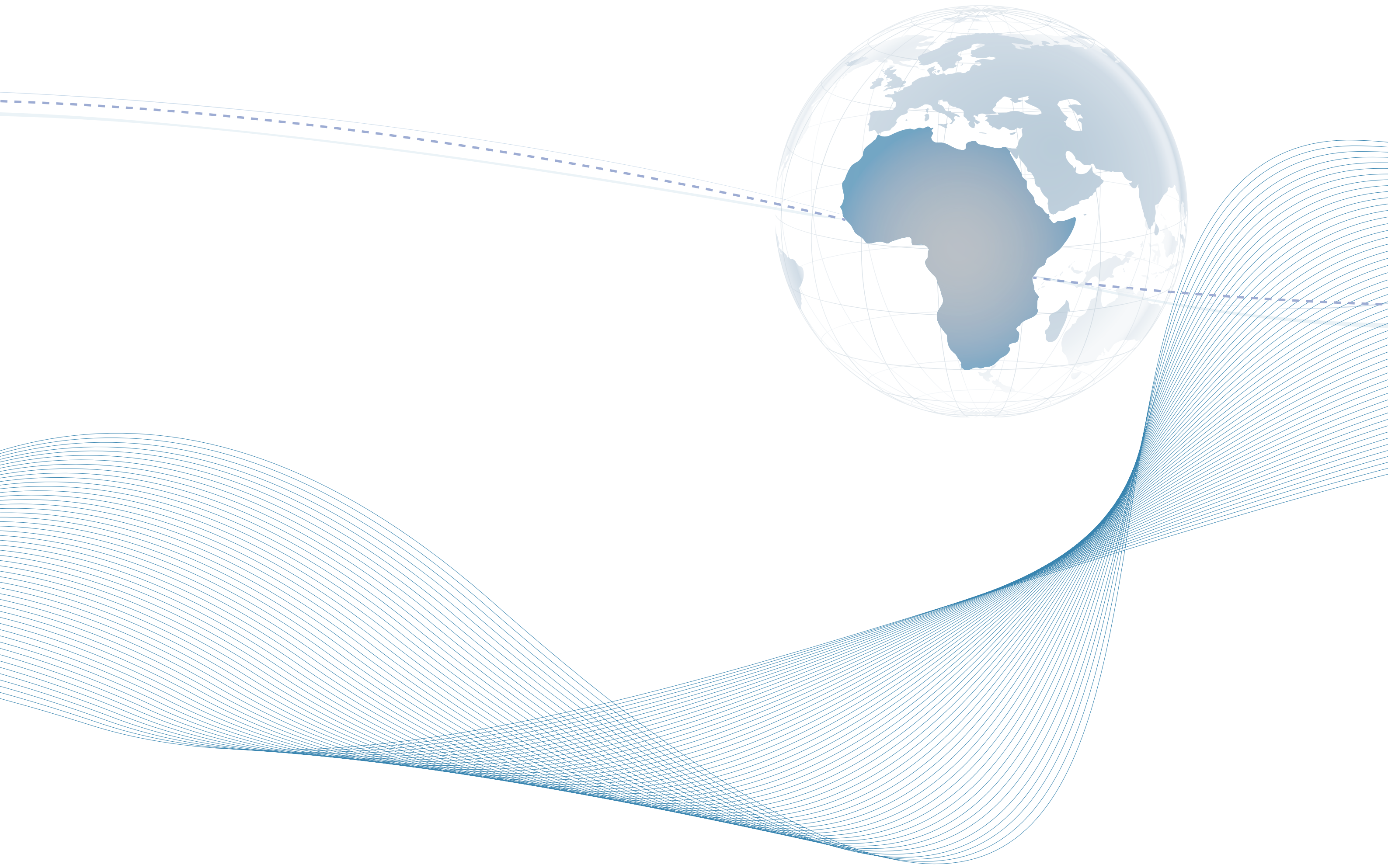
Looking forward

We expect a great deal of excitement in the financial markets in 2011. With the expected resolution and completion of the banking sector reforms, we expect an increase in general liquidity. Combined with the customary pre-election liquidity, and increasing compliance in the pension industry and insurance sector, we expect an increase in investment assets and have therefore positioned ourselves to take advantage of the possible mandate opportunities.

Our focus vehicles for 2011 are the mutual funds and the RSA fund which should benefit from increasing retail participation via lower risk investment vehicles. We expect to launch a shariah-compliant investment avenue for our private clients in SIAML to address a market segment that is still underserved.

Our client lifecycle management approach will continue to guide us as the synergy between the objectives of living a healthy life, investing safely and retiring well should provide us with ample opportunity to expose our clients – existing and potential - to the Stanbic IBTC Wealth offering. In so doing, we expect to drive client numbers and there from, asset growth.


Stanbic
IBTC
Asset
Management
Limited



Annual report and financial statements

Board of directors

Board 2010

01 Atedo N.A. Peterside (OON) (55)
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

02 Chris Newson (46)
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

03 Sola David-Borha (50)
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, Fate Foundation, Redeemers International School

Committee member: Board credit committee, Board risk management committee

04 Yinka Sanni (45)
B.SC, MBA, ACS, AMP
Appointed: 2005

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

Committee member: Board credit committee, Board risk management committee

05 Marna Roets (44)
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


01


02


03


04


05

06 **Jacques Troost (47)**
B.Com (Hons)
Appointed: 2007

Directorships: Stanbic IBTC Bank PLC

Committee member: Board credit committee, Board risk management committee

07 **Moses Adedoyin (62)**
FCIB
Appointed: 2005

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

Committee member: Board credit committee, Audit committee

08 **Alaibi Samuel Cookey (55)**
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, Audit committee

09 **Ifeoma Esiri (58)**
LLB, BL, LLM
Appointed: 2004

Directorships: Stanbic IBTC Bank PLC, Stanbic IBTC Asset Management Limited, Podini International Limited, Veritas Geophysical Nigeria Limited, Ashburt Leisures Limited, Ashburt Beverages Limited, Ashburt Oil and Gas Limited

Committee member: Chairperson. Board risk management committee, Audit committee

10 **Arnold Gain (56)**
B.Com, FA, BDP
Appointed 2011

Directorships: Stanbic IBTC Bank PLC

Committee member: Board credit committee, Board risk management committee.

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Board of directors

Board 2010

11 **Ben Kruger (51)**
B.Com (Hons) CA (SA)
Appointed: 2007

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

Committee member: Board credit committee, Board risk management committee, Board remuneration committee

12 **Jacko Maree (55)**
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

13 **Ratan Mahtani (55)**
Appointed: 2008

Directorships: Stanbic IBTC Bank PLC, Aegean Investments Limited, Churchgate Nigeria Limited, First Century International Limited, Foco International Investments Limited, T F Kuboye & co, International Seafoods Limited

Committee member: None


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Enquiries
Tellers
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5

Directors' report

For the year ended 31 December 2010

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 auditor's report for the year ended 31 December 2010.

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 five wholly owned subsidiaries: Stanbic IBTC Asset Management Limited, Stanbic IBTC Stockbrokers Limited, Stanbic IBTC Ventures Limited, Stanbic Nominees Nigeria Limited and Stanbic IBTC Trustees Limited. It is the majority shareholder in another subsidiary; Stanbic IBTC Pension Managers Limited. The winding up of R B Resources Limited, a subsidiary it acquired as a result of its merger with the legacy Regent Bank PLC in December 2005 was concluded in April 2010. Stanbic IBTC Trustees Limited, which was incorporated in 2009, is expected to commence operations in 2011.

The bank prepares consolidated financial statements. Separate financial statements of the bank accompanies the consolidated financial statements.

c. Operating results and dividends

The group gross earnings decreased by 5%, while the profit before tax increased by 31%. The board recommended the approval of a final dividend of ₦0.39 kobo per share (2009: ₦0.30 kobo).

Highlights of the group's operating results for the year under review are as follows:

	2010 Group ₦million	2009 Group ₦million	2010 Bank ₦million	2009 Bank ₦million
Gross earnings	56,745	59,781	48,934	52,850
Profit before tax	13,528	10,342	10,187	7,141
Taxation	(4,073)	(2,204)	(2,376)	(883)
Profit after taxation	9,455	8,138	7,811	6,258
Non controlling interest	(653)	(490)	-	-
Profit attributable to the group	8,802	7,648	7,811	6,258
Appropriations:				
Transfer to statutory reserve	1,450	1,147	1,172	939
Transfer to retained earnings reserve	7,352	6,501	6,639	5,319
	8,802	7,648	7,811	6,258
Dividend proposed	7,313	5,625	7,313	5,625

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 2010	Number of ordinary shares held 2009
Atedo N. A. Peterside OON	220,000,000	220,000,000
Chris Newson	-	-
Sola David - Borha	16,121,573	16,121,573
Marna Roets	-	-
Jacques Troost	-	-
Yinka Sanni	1,000,000	1,000,000
Moses Adedoyin	44,400,000	44,320,000
Sam Cookey	2,000,000	2,000,000
Ahmed Dasuki***	109,000,722	109,000,722
Dr Alewyn Burger***	-	-
Ifeoma Esiri	100,844,394	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 (2009: 2,002,457,635) respectively through First Century International Limited, Churchgate Limited, International Seafoods Limited, Foco International Limited, Aegean Investments Limited and R B Investments Limited.

**Lt General (rtd) Wushishi CFR GCON, who retired from the Board in June 2010, has an indirect shareholding amounting to 214,000,000 ordinary shares (2009: 214,000,000) through Umfat Holdings Limited.

***Dr. Alewyn Burger, Dr. Christopher Kolade CON, Mallam Ahmed Dasuki, Mr. Bhagwan Mahtani and Mr. Sam Unuigbe voluntarily retired during 2010. The board also appointed Mr. Arnold Gain as a director after the Annual General Meeting held in June 2010. His appointment is effective 25 February 2011. Shareholders will be requested to appoint Mr Gain as a director at the Annual General Meeting holding in 2011.

Arnold Gain's shareholding position which is nil is not reflected above because his appointment to the board took effect after 31 December 2010.

The directors to retire by rotation at the next Annual General Meeting (AGM) are Mr Atedo N. A. Peterside OON, Mr Moses Adedoyin, Mrs Ifeoma Esiri and Ms Marna Roets. All of these directors, being eligible, offer themselves for re – election.

e. Directors interest in contracts

During the course of 2010, two directors, Mr Bhagwan Mahtani and Mr Ratan Mahtani, had an interest in a company which had a contract with the bank, which interest was disclosed to the board in compliance with the requirements 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 2010 is as stated below:

i. Dividend payment history

Year ended	Total amount paid ₦million	Dividend paid per share kobo
31 March 2000	240.0	40
31 March 2001	270.0	45
31 March 2002	300.0	30
31 March 2003	400.0	40
31 March 2004	500.0	25
31 March 2005	1,174.2	20
31 March 2006	2,411.4	20
31 March 2007	3,750.0	30
31 December 2007	4,687.5	25
31 December 2008	7,500.0	40
31 December 2009	5,625.0	30

Share range	No. of shareholders	Percentage of shareholders	No. of holding	Percentage holdings
1 - 1,000	27,455	25.1	22,910,238	0.10
1,001 - 5,000	47,041	43.0	130,213,858	0.70
5,001 - 10,000	14,029	12.8	118,917,909	0.60
10,001 - 50,000	15,487	14.2	371,398,470	2.00
50,001 - 100,000	2,581	2.4	206,346,836	1.10
100,001 - 500,000	2,225	2.0	506,010,291	2.70
500,001 - 1,000,000	281	0.3	219,130,334	1.20
1,000,001 - 5,000,000	204	0.2	421,406,877	2.20
5,000,001 - 10,000,000	41	0.0	292,779,376	1.60
10,000,001 - 50,000,000	54	0.0	1,310,095,341	7.00
50,000,001 - 18,750,000,000	35	0.0	15,150,790,470	80.80
Grand total	**109,433**	**100**	**18,750,000,000**	**100**
Foreign shareholders	148		9,759,536,445	52.05

h. Substantial interest in shares

According to the register of members as at 31 December 2010, no shareholder held 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	50.77%
First Century International Limited	1,400,790,732	7.47%

j. Share capital history

Year	Authorized (₦000)		Issued & fully paid-up (₦000)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1989	-	20,000	-	12,000	Cash
1991	30,000	50,000	12,000	24,000	Bonus (1:1)
1992	-	50,000	16,000	40,000	Bonus (2:3)
1994	100,000	150,000	60,000	100,000	Bonus (3:2)
1996	50,000	200,000	100,000	200,000	Bonus (1:1)
1997	400,000	600,000	400,000	600,000	Bonus (2:1)
2001	400,000	1,000,000	400,000	1,000,000	Bonus (2:3)
2003	1,000,000	2,000,000	1,000,000	2,000,000	Bonus (1:1)
2004	2,000,000	4,000,000	-	2,000,000	
2005	1,000,000	5,000,000	935,492	2,935,492	Cash
2006	1,500,000	6,500,000	3,314,508	6,250,000	Cash and share exchange
2007	3,500,000	10,000,000	3,125,000	9,375,000	Share exchange

k. Donations and charitable gifts

The group made contributions to charitable and non–political organizations amounting to ₦50,751,000 (2009: ₦81,310,000) during the year.

	₦
Stanbic IBTC adoption of Lagos Progressive School, Surulere	19,700,000
Stanbic IBTC Sickle Cell Library	10,000,000
Yaba College of Technology	6,426,000
The Nigerian Economic Summit 2010	5,000,000
The Lagos Economic Summit	1,500,000
The Musical Society of Nigeria	950,000
Fate Foundation	850,000
2010 International French Schools World Cup Sponsorship	750,000
Renovation of Gbagada Senior Grammar School	750,000
World Malaria Day	710,000
The African Refugee Foundation	500,000
Patrich Speech & Languages Centre	500,000
Children Development Centre (CDC)	500,000
The Social Enterprise Report and Awards (SERA)	500,000
The Future Project	500,000
The International Women Organization for Charity	435,000
2010 Independence Day Parade for 40 Students	400,000
Loyola Jesuit College PTA Advocacy Project	250,000
Nigerian Heart Foundation	200,000
NYSC Anti-Trafficking Club	150,000
The Eko Awards	100,000
South African Social Day for Charity	80,000
Total	**50,751,000**

l. Post balance sheet events

There are no significant post balance sheet events after the balance sheet date.

m. 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.

n. 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 organized by the Standard Bank Group (SBG) in South Africa and elsewhere and participate in programmes at the Standard Bank 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.

o. Auditors

The external auditors; PricewaterhouseCoopers who have acted as the bank’s auditors for a continuous period of more than 10 years have, as required by the CBN Code of Corporate Governance, indicated that from the 2011 financial year they will no longer act as auditors to the Company. Special approval was obtained from Central Bank of Nigeria to enable them act as auditors for the purpose of the 2010 financial statements. In accordance with Section 357(1) of CAMA a resolution will be proposed, and if considered appropriate passed, by shareholders, at the AGM, to appoint new auditors. Shareholders will also be required to authorise the directors to fix the remuneration of such new auditors.

By order of the board

ANGELA OMO-DARE

Company secretary & head legal

23 February 2011

Directors' responsibility for annual financial statements

For the year ended 31 December 2010

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 bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the bank:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the bank 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
23 February 2011

CHRIS NEWSON
Chief executive officer
23 February 2011

Introduction

The bank is a member of the Standard Bank Group, which holds a 50.77% 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 ("Stanbic IBTC or the bank"), and its subsidiaries ("the group"), as a member of SBG, operate 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 operate under a governance framework that enables 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 this regard they have aligned 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 periodically 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 as well as to grant approval for certain corporate actions that are by legislation or the company's articles of association specifically reserved for shareholders. Their role is extended to holding the board accountable and responsible for efficient and effective corporate governance.

Developments during 2010

During 2010, the following developments in the group's corporate governance practices occurred:

- Full compliance with the requirements of the Central Bank of Nigeria's Code of Corporate Governance in relation to independent directors was maintained until 31 December 2010, when one of the two independent directors on the board voluntarily retired.
- Establishment of a nominations committee to assist in the process for selecting individuals for appointment to the board subsequent to the voluntary retirement of four directors at the end of 2010.
- There was a continued focus on directors training via attendance at various courses.
- The provision of an enhanced level of information in the financials provided to shareholders and investors on an annual and quarterly basis continued.

Focus areas for 2011

The group intends during 2011 to:

- continue the focus on directors' training via formal training sessions and information bulletins on issues that are relevant;
- ensure that the bank fully complies with the requirement for two independent directors;

- continue to enhance the level of information provided to and interaction with shareholders, investors and stakeholders generally; and
- develop an appropriate governance framework for the operating structure it will be adopting pursuant to Central Bank of Nigeria's regulation on the Scope of Banking Activities and Ancillary Matters No 3, 2010, which brought to an end the universal banking regime under which banks and banking groups in Nigeria, inclusive of Stanbic IBTC, had been operating since 2002.

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. Details on how these committees operate are provided elsewhere in this report.

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 appointment 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 & 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 and 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.

In June 2010, a non-executive director; Lt Gen (rtd) M. I. Wushishi CFR GCON voluntarily retired from the board. In August 2010, another non-executive director, Dr Alewyn Burger voluntarily retired from the board, while at that time Mr Arnold Gain was appointed as a non-executive director by the board subject to all regulatory approvals being obtained for his appointment. In terms of the articles of association, Mr Gain's appointment will be tabled at the next annual general meeting, at which time shareholders will be asked to approve the appointment and elect him to the board.

Dr Christopher Kolade CON, Mallam Ahmed Dasuki, Mr Bhagwan Matani and Mr Sam Unuigbe voluntarily retired from the board of the bank with effect from 31 December 2010. With these retirements the board's size has reduced to five (5) executive directors and eight (8) non-executive directors. The number of independent directors was also reduced to one (1). The board has however put in place steps to appoint additional directors, at least one of whom will be an independent director.

The board has the right mix of competencies and experience.

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

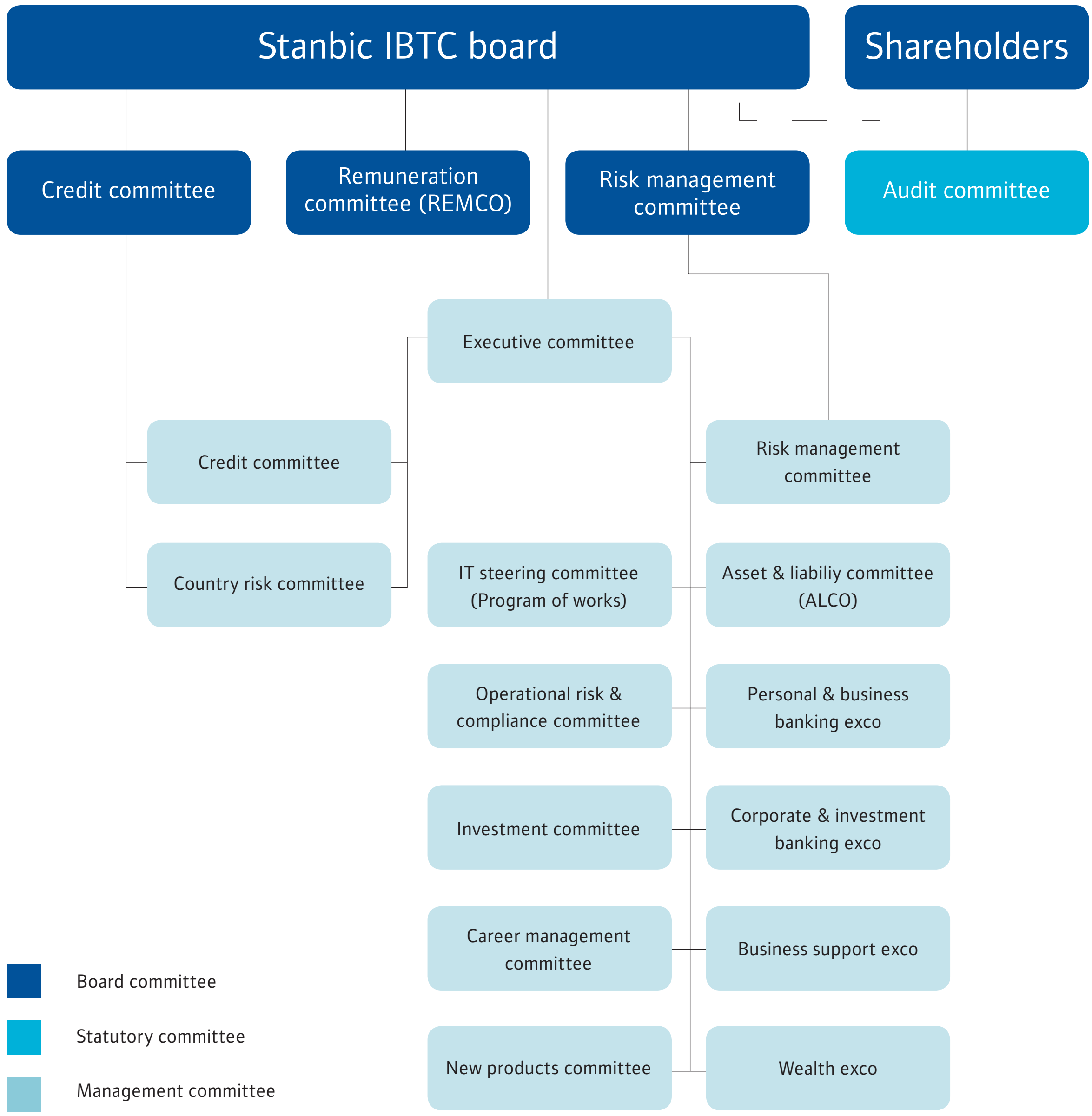
The ultimate responsibility for the bank's and group's operations rests with the board. The board retains effective control through a well-developed governance structure of board committees. These committees provide in-depth focus on specific areas of board responsibility.

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.

Membership of the executive committee is set out on page 29.

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:



Annual report and financial statements

Corporate governance report

For the year ended 31 December 2010

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 2010 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 further improve board functioning.

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.

Directors attended various workshops that included money laundering and risk programmes conducted by the regulatory authorities during the second half of 2010. These workshops were aimed at enhancing the understanding of key issues, and skills of bank directors.

Board meetings

The board meets, at a minimum, once every quarter with ad-hoc meetings being held whenever deemed necessary. The board held a strategy session in October 2010. 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.

Attendance at board meetings from 1 January – 31 December 2010 is set out in the following table:

Name	Feb	Apr	Aug	Oct
Atedo Peterside OON (Chairman)	✓	✓	✓	✓
Chris Newson	✓	✓	✓	✓
Sola David-Borha	✓	✓	A	✓
Marna Roets	✓	✓	✓	✓
Jacques Troost	✓	✓	✓	✓
Moses Adedoyin	✓	✓	✓	✓
Dr Alewyn Burger[1]	✓	✓	A	-
Sam Cookey	✓	✓	✓	✓
Ahmed Dasuki	✓	A	A	A
Ifeoma Esiri	✓	✓	✓	✓
Dr Christopher Kolade CON	✓	A	✓	✓
Ben Kruger	✓	✓	✓	✓
Bhagwan Mahtani	✓	✓	✓	A
Ratan Mahtani	A	✓	✓	✓
Jacko Maree	A	✓	A	A
Yinka Sanni	✓	✓	✓	✓
Sam Unuigbe	✓	✓	✓	✓
Lt. Gen. (rtd) M. Wushishi CFR, GCON[2]	✓	✓	-	-

✓ = Attendance

A = Apology

\- = Not applicable

[1] Retired from the Board on 03 August 2010

[2] Retired from the Board on 07 June 2010

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 2010.

Credit committee

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

- recommend credit policies and guidelines for the board's approval;
- 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 the eight directors, four of whom, including the chairman, were non – executives during the year under review.

Members' attendance at credit committee meetings during the financial year ended 31 December 2010 are stated below:

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

✓ = Attendance
A = Apology

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 119 of this annual report.

The committee consisted of nine directors, four of whom, including the chairman were non – executives during the year under review.

Members' attendance at risk management committee meetings during the financial year ended 31 December 2010 is stated below:

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

✓ = Attendance
A = Apology
- = Not applicable

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 groups 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 2010 the following suppliers were used:

- KPMG Professional services - Participated in a renumeration survey co-sponsored by the bank.
- International Remuneration, Human Resources and Compensation Consulting (IRRCC) - global market specific survey sponsored by Standard Bank Group.

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

The committee consists of four directors, all of whom are non–executives.

Members' attendance at REMCO meetings during the financial year ended 31 December 2010 is stated below:

Name	Jan	Apr	July	Oct
Jacko Maree (chairman)	✓	✓	✓	✓
Ben Kruger	✓	✓	✓	✓
Ahmed Dasuki	✓	A	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 salary 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, remunerating appropriately high performers 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 long term 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 AGM, although board appointments may be made between AGMs. These appointments are made in terms of the group's policy. Shareholder approvals for such interim appointments are however 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 can not hold office for more than 10 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 service 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 Annual General Meeting (AGM Fees are payable for the reporting period 1 January to 31 December of each year).

Category	2011*	2010
Chairman	37,211,125	34,615,000
Non executive directors	10,342,844	9,621,250
Sitting allowances for board meetings**:		
- Chairman	192,425	179,000
- Non executive directors	121,475	113,000

* Proposed for approval by shareholders at the AGM taking place in 2011.

** Fees quoted as sitting allowance represent per meeting sitting allowance paid for board, board committee and ad hoc meetings. No annual fees are payable to committee members with respect to their roles on such committees.

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 group strategy and human resource leadership.

The employment contracts of executive directors have a termination clause of three months.

Executive directors, other than the CEO, are required to retire from the board on a rotational basis, that usually occurs 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 comprise the following:

- guaranteed remuneration – based on market value and the role played;
- annual bonus – used to incentivise the achievement of group objectives;
- Long term 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 put in place an equity growth scheme for qualifying managers. Participation rights in such scheme are be granted to qualifying managers in accordance with the rules of the scheme approved by the board.

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 in line and full comply with the Pension Reform Act 2004.

Remuneration for 2010

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	151	151
Executive compensation	568	568
Total	719	719

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.

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

As at 1 January 2010 the committee consisted of the following persons:

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

* = Shareholders representative
** = Non Executive Director

The shareholders re-elected the entire shareholder representatives on the audit committee at the AGM held on 7 June 2010.

Members' attendance at audit committee meetings during the financial year ended 31 December 2010 is stated below:

Name	Feb	April	July	Oct
Engr. Oluyomi Adeyemi – Wilson	✓	✓	✓	✓
Mr. Sam Unuigbe	✓	✓	✓	✓
Mr. Moses Adedoyin	✓	✓	✓	✓
Mrs. Oshuwa Gbadebo – Smith	✓	A	A	A
Mr. Sam Cookey	✓	✓	✓	✓
Mr. Waheed Adegbite	✓	✓	✓	✓

✓ = Attendance
A = Apology

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
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 and the head of investor relations, the group encourages shareholders to attend the annual general meeting and other shareholder meetings where interaction is welcomed. The chairman of the group's audit committee is available at the meeting to respond to questions from shareholders.

Voting at general meetings is conducted either on a show of hands or a poll depending on the subject matter of the resolution on which a vote is being cast and separate resolutions are proposed on each significant issue.

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 period commences from 1 December to publication of final results. 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 monitoring and reporting of sustainability issues is still an evolving discipline within our organisation.

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.

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 is concentrating its social investment expenditure in defined focus areas which currently include education 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 Bank 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 2010.

Breaches of the code

The bank on a number of occasions 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, albeit outside of the specified time line.

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 the year ended 31 December 2010 together with the Management Controls Report from the auditors and the bank's response to this report at its meeting held on 31 January 2011.

In our opinion, the scope and planning of the audit for the year ended 31 December 2010 were adequate.

After due consideration, the Committee accepted the Report of the Auditors that the Financial Statements were in accordance with ethical practice and generally accepted accounting principles and give 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 2010 and the auditor's 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.

O Adeyemi-Wilson

ENG. OLUYOMI ADEYEMI-WILSON
Chairman, Audit committee
31 January 2011

Report of the independent auditor

Report of independent auditor to 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 2010 and the profit and loss accounts and statements 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 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 controls 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 at 31 December 2010 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 by the bank, 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.

PricewaterhouseCoopers

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
964443

Chartered Accountants
Lagos, Nigeria

24 February 2011

Annual report and financial statements

Statement of accounting policies

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

These financial statements are the consolidated and separate financial statements of Stanbic IBTC Bank Plc, a company incorporated in Nigeria on 2 February 1989 and its subsidiaries (hereinafter collectively referred to as "the group"). 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 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. Subsidiaries are consolidated from the date effective control is transferred to the group. Subsidiaries cease to be consolidated from the date of disposal. 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. Separate disclosure is made for non-controlling interest.

The acquisition method of accounting is used to account for the acquisition of subsidiaries and other entities by the group. The cost of an acquisition is measured as the market value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. 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.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

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 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 on performing loans is made in accordance with the prudential guidelines.

g. Investment securities

The group categorises its investment securities as short term investments and long term investments. Investment securities are initially recognised at cost and management determines classification at initial investment.

i. *Short term investments*

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. They include debt and equity securities intended to be held for a period not exceeding one year.

Short-term investments in marketable securities are subsequently re-measured at net realisable value. The gain/loss on revaluation is credited/charged to profit and loss account for the period.

Other short-term investments are subsequently re-measured at the lower of cost and market value (quoted bid prices). The amount by which cost exceeds market value (unrealized loss) is charged to the profit and loss account for the period.

ii. *Long 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. Long-term investments may include debt and equity securities.

Long-term investments in marketable securities are carried at lower of cost and net realizable value. Unrealised losses are charged to the profit and loss account. Other long term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater than its estimated recoverable amount.

Any discount or premium arising on acquisition of bonds is included in the original cost of the investment and is amortised over the period of purchase to maturity.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

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. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. 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.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. No depreciation is charged until the assets are put into use.

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 and building	Minimum of 6 years or life of the lease
Buildings	25 yrs
Motor vehicles	4 yrs
Furniture, fittings & equipments	4 yrs
Computer hardware	3 yrs
Computer 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 including any residual value payable on the lease. 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. Where there has been impairment in the value of goodwill, the loss is identified in the year in which the impairment was made. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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, contingent liabilities and contigent assets

Provisions are liabilities that are uncertain in timing or amount. 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 share holders 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, performance guarantees and forward contracts 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 should be 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 there on 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 assessable profits whilst information technology development tax is assessed at 1% of profit before tax.

Profit and loss accounts

For the year ended 31 December 2010

	Note	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Gross earnings		56,745	59,781	48,934	52,850
Interest and similar income	3	34,359	40,920	33,808	39,952
Interest and similar expense	4	(7,989)	(15,813)	(8,012)	(15,870)
Net interest income		26,370	25,107	25,796	24,082
Fee and commission income	5	19,345	13,852	10,531	7,532
Fee and commission expense		(362)	(145)	(295)	(145)
Net fee and commission income		18,983	13,707	10,236	7,387
Foreign exchange income		2,658	4,169	2,658	4,149
Income from investments	6	132	274	1,917	1,034
Other income		251	566	20	183
Operating income		48,394	43,823	40,627	36,835
Operating expenses	7	(34,246)	(28,623)	(29,820)	(24,836)
Provision for losses	14	(620)	(4,858)	(620)	(4,858)
Profit before tax		13,528	10,342	10,187	7,141
Taxation	8	(4,073)	(2,204)	(2,376)	(883)
Profit after tax		9,455	8,138	7,811	6,258
Non-controlling interest	26	(653)	(490)	-	-
Profit attributable to the group/bank		8,802	7,648	7,811	6,258
Appropriated as follows:					
Transfer to statutory reserve	28	1,450	1,147	1,172	939
Transfer to retained earnings	28	7,352	6,501	6,639	5,319
		8,802	7,648	7,811	6,258
Earnings per share (basic/diluted)	32	50 k	43 k	42 k	33 k
Dividend per share (proposed/paid)	31	39 k	30 k	39 k	30 k

The accounting policies on pages 79 to 84 and notes on pages 88 to 118 form an integral part of these financial statements.

Balance sheets

As at 31 December 2010

	Note	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Assets					
Cash and balances with central banks	9	10,048	7,772	10,048	7,768
Treasury bills	10	12,428	11,378	12,428	11,378
Due from other banks	11	88,659	76,954	87,439	75,913
Loans and advances to customers	12	163,952	110,508	164,203	110,967
Advances under finance lease	15	13,502	9,377	13,502	9,377
Investment securities	16	47,585	71,462	37,689	62,358
Investment in subsidiaries	17	-	1	1,924	1,925
Deferred tax assets	25	939	594	939	594
Other assets	18	16,176	25,566	13,683	24,453
Property and equipment	20	31,252	26,878	30,757	26,267
Total assets		384,541	340,490	372,612	331,000
Liabilities					
Customer deposits	21	186,466	169,200	187,595	170,411
Due to other banks	22	56,152	38,334	56,152	38,334
Other borrowings	23	18,272	12,647	18,272	12,647
Other liabilities	24	34,220	34,052	30,983	31,319
Current income tax	8	4,197	4,660	2,051	2,916
Deferred tax liabilities	25	108	100	-	-
Total liabilities		299,415	258,993	295,053	255,627
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	93	-	-	-
Retained earnings	28	12,335	10,608	7,430	6,416
Other reserves	28	14,478	13,028	13,285	12,113
Attributable to equity holders of the parent		83,750	80,480	77,559	75,373
Non-controlling interest	26	1,376	1,017	-	-
Total equity		85,126	81,497	77,559	75,373
Total equity and liabilities		384,541	340,490	372,612	331,000
Acceptances and guarantees	30	14,861	16,198	14,861	16,198

The accounting policies on pages 79 to 84 and notes on pages 88 to 118 form an integral part of these financial statements and were approved by the Board of Directors on 02 February 2011 and signed on its behalf by:

ATEDO N. A. PETERSIDE OON
Chairman

CHRIS NEWSON
Chief Executive Officer

Annual report and financial statements

Statement of cash flows

For the year ended 31 December 2010

	Note	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Operating activities					
Cash used in operations	37	(22,771)	(49,209)	(26,553)	(49,361)
Interest received	3	34,359	40,920	33,808	39,952
Interest paid	4	(7,989)	(15,813)	(8,012)	(15,870)
VAT paid		(59)	(116)	(59)	(116)
Tax paid	8	(4,734)	(3,931)	(3,437)	(1,839)
Net cash used in operating activities		(1,194)	(28,149)	(4,253)	(27,234)
Financing activities					
Dividend paid to shareholders	28	(5,919)	(7,647)	(5,625)	(7,500)
Proceeds from long term loan		5,625	446	5,625	446
Net cash used in financing activities		(294)	(7,201)	-	(7,054)
Investing activities					
Disposal of long term investment, net		24,262	10,283	24,875	8,749
Dividend received	6	103	169	1,886	975
Additional investment in subsidiaries		-	-	-	(106)
Purchase of property, plant and equipment	20	(11,972)	(14,941)	(11,724)	(14,452)
Proceeds from sale of property and equipment		3,572	268	3,518	86
Net cash generated from/(used in) investing activities		15,965	(4,221)	18,555	(4,748)
Increase/ (decrease) in cash and cash equivalents		14,477	(39,571)	14,302	(39,036)
Analysis of changes in cash and cash equivalents					
At start of year	37	94,816	134,387	93,771	132,807
At end of year	37	109,293	94,816	108,073	93,771
Increase/ (decrease) in cash and cash equivalents		14,477	(39,571)	14,302	(39,036)

Notes to the financial statements

For the year ended 31 December 2010

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 (50.77%) in the bank whose name was subsequently changed to Stanbic IBTC Bank Plc.

The Bank has six 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 Trustees Limited ("SITL")	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 mainly personal market customers. - Instalment sale and finance leases – Provides instalments finance to personal market customers and 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 with the 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 coupled with debit card facilities to both personal and business market customers.
Corporate & Investment Banking (CIB)	- Corporate and investment banking services to larger corporates, financial institutions and international counterparties. - Global markets – includes foreign exchange, fixed income, interest rates and equity trading. - Transactional products and services – includes transactional banking and investor services. - Investment banking – includes project finance, structured finance, equity investments, advisory, corporate lending, primary markets acquisition and leverage finance and structured trade finance.
Wealth	- The wealth group is made up of the bank's subsidiaries, whose activities involve investment management, portfolio management, unit trust/funds management, trusteeship, and pension fund management and administration.

Annual report and financial statements

Segment analysis (continued)

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

	2010				
	Corporate & Investment Banking	Personal & Business Banking	Wealth	Elimination	Group
	₦million	₦million	₦million	₦million	₦million
Total revenue:					
Derived from external customers	33,890	14,204	8,651	-	56,745
Derived from other business segments	560	121	20	(701)	-
Total revenue	34,450	14,325	8,671	(701)	56,745
Total cost:					
Interest expense	5,976	2,089	-	(76)	7,989
Risk and other asset provisions	(513)	1,133	-	-	620
Other operating expenses	18,320	12,532	4,381	(625)	34,608
Total cost	23,783	15,754	4,381	(701)	43,217
Profit before tax	10,667	(1,429)	4,290	-	13,528
Tax	(3,106)	429	(1,396)	-	(4,073)
Profit after tax	7,561	(1,000)	2,894	-	9,455
Segment assets	254,788	122,016	10,771	(3,034)	384,541
Segment liabilities	200,399	96,498	3,899	(1,381)	299,415
Net asset	54,389	25,518	6,872	(1,653)	85,126

	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	(810)	(304)	(1,090)	-	(2,204)
Profit after tax	4,971	822	2,345	-	8,138
Segment assets	193,365	142,721	9,159	(4,755)	340,490
Segment liabilities	161,173	97,618	3,033	(2,831)	258,993
Net asset	32,192	45,103	6,126	(1,924)	81,497

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 this financial statement.

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
3	**Interest and similar income**				
	Placements	3,686	4,602	3,686	4,602
	Treasury bills and investment securities	10,395	12,302	10,278	12,083
	Loans and advances	18,306	22,862	17,872	22,113
	Advances under finance leases	1,972	1,154	1,972	1,154
		34,359	40,920	33,808	39,952
	Interest income earned in Nigeria	34,183	40,074	33,632	39,110
	Interest income earned outside Nigeria	176	846	176	842
		34,359	40,920	33,808	39,952
4	**Interest and similar expense**				
	Current accounts	590	387	667	558
	Savings accounts	248	102	248	102
	Time deposits	5,561	12,433	5,507	12,319
	Inter-bank takings	1,036	1,787	1,036	1,787
	Borrowed funds	554	1,104	554	1,104
		7,989	15,813	8,012	15,870

Interest expense paid outside Nigeria amounted to Group ₦0.85 billion (2009: ₦1.10 billion) and Bank ₦0.85 billion (2009: ₦1.10 billion).

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
5	**Fees and commission income**				
	Credit related fees	2,902	2,553	2,902	2,553
	Commission on turnover	1,904	753	1,904	753
	Commission on off-balance sheet transactions	170	184	170	184
	Letters of credit commissions and fees	388	620	388	620
	Facility management fee	12,267	8,234	3,552	1,914
	Other fees and commissions	1,714	1,508	1,615	1,508
		19,345	13,852	10,531	7,532

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Group 2009 ₦million
6 Income from investments				
Dividend income	103	169	1,886	975
Profit on sale of securities	-	-	-	28
Other investment income	23	74	23	-
Rental income	6	31	8	31
	132	274	1,917	1,034
7 Operating expenses				
Staff costs (note 35)	14,898	13,469	13,072	11,790
Depreciation (note 20)	4,034	2,567	3,718	2,267
Auditors' remuneration	135	138	103	104
Directors' emoluments (note 35)	720	788	720	753
(Profit)/ loss on disposal of property and equipment	(8)	4	(2)	3
Other operating expenses	14,467	11,657	12,209	9,919
	34,246	28,623	29,820	24,836
8 Taxation				
Charge				
Current tax	3,328	3,231	1,721	2,024
Education tax	165	207	60	142
Technology tax	71	103	71	71
Income tax charge	3,564	3,541	1,852	2,237
Under/(over) provision in prior years	720	(722)	720	(722)
Deferred tax (note 25)	(360)	(830)	(345)	(830)
Charge for the year	3,924	1,989	2,227	685
Withholding tax charge	149	215	149	198
	4,073	2,204	2,376	883
Payable				
At start of year	4,660	5,821	2,916	3,240
Tax paid	(4,734)	(3,931)	(3,437)	(1,839)
Income tax charge	3,564	3,541	1,852	2,237
Reclassification to deferred tax	(13)	(49)	-	-
Under/(over) provision in prior years	720	(722)	720	(722)
At end of year	4,197	4,660	2,051	2,916

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
9	**Cash and balances with Central Bank**				
	Cash	7,367	4,020	7,367	4,016
	Operating account with Central Bank	839	2,464	839	2,464
	Included in cash and cash equivalents	8,206	6,484	8,206	6,480
	Mandatory reserve deposits with Central Bank	1,842	1,288	1,842	1,288
		10,048	7,772	10,048	7,768

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

10	**Treasury bills**				
	Treasury bills	12,428	11,378	12,428	11,378

Included in Treasury bills are bills amounting to ₦9.38 billion (2009: ₦4.31billion) held by third parties as collateral for various transactions.

11	**Due from other banks**				
	Current balances with banks within Nigeria	1,293	1,113	73	72
	Current balances with banks outside Nigeria	20,524	20,750	20,524	20,750
	Placements with banks and discount houses	66,842	55,091	66,842	55,091
		88,659	76,954	87,439	75,913

Balances with banks outside Nigeria include ₦5.3 billion (2009: ₦8.32 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 ₦32.4 billion (2009: ₦29.2 billion).

12 Loans and advances

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Overdrafts	26,920	28,531	26,920	28,531
Term loans	145,753	57,334	146,004	57,793
Others	71	37,726	71	37,726
	172,744	123,591	172,995	124,050
Loan loss provision (note 13a)	(7,322)	(11,574)	(7,322)	(11,574)
Interest in suspense (note 13b)	(1,470)	(1,509)	(1,470)	(1,509)
	163,952	110,508	164,203	110,967
Analysis by performance:				
Performing	160,841	105,889	161,092	106,348
Non-performing:				
- substandard	420	859	420	859
- doubtful	8,796	11,289	8,796	11,289
- lost	2,687	5,554	2,687	5,554
	172,744	123,591	172,995	124,050
Analysis by maturity:				
0–30 days	44,176	42,217	44,176	42,218
1-3 months	42,907	45,594	42,907	45,594
3-6 months	11,874	3,762	12,125	3,762
6-12 months	7,756	10,843	7,756	10,843
Over 12 months	66,031	21,175	66,031	21,633
	172,744	123,591	172,995	124,050
Analysis by security:				
Secured against real estate	24,779	13,945	24,779	13,945
Secured by shares of quoted companies	920	1,394	920	1,394
Otherwise secured	40,099	50,315	40,099	50,315
Unsecured	106,946	57,937	107,197	58,396
	172,744	123,591	172,995	124,050

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
13	**Loan loss provision and interest in suspense**				
a.	Movement in loan loss provision				
	At start 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
	Additional provision				
	- non-performing	2,958	6,123	2,958	6,123
	- performing	575	108	575	108
	Provision no longer required	(3,616)	(2,401)	(3,616)	(2,401)
	Reinstatement of provision previously written off	-	31	-	31
	Reclassification to finance lease	(165)	-	(165)	-
	Amounts written off	(4,004)	(1,350)	(4,004)	(1,350)
		(4,252)	2,511	(4,252)	2,511
	At end of year				
	- non-performing	5,679	10,506	5,679	10,506
	- performing	1,643	1,068	1,643	1,068
		7,322	11,574	7,322	11,574
b.	Movement in interest-in-suspense				
	At start of year	1,509	1,328	1,509	1,328
	Suspended during the year	1,954	1,741	1,954	1,741
	Amounts written back	(625)	(459)	(625)	(459)
	Amounts written off	(1,368)	(1,101)	(1,368)	(1,101)
	At end of year	1,470	1,509	1,470	1,509
	Summary:				
	- General provision	1,643	1,068	1,643	1,068
	- Specific provision	5,679	10,506	5,679	10,506
	- Interest in suspense	1,470	1,509	1,470	1,509
		8,792	13,083	8,792	13,083

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
14 Provision for losses				
The charge for the year is analysed as follows:				
Loans and advances - specific	2,958	6,123	2,958	6,123
Loans and advances - general	575	108	575	108
Advances under finance lease - specific	856	40	856	40
Advances under finance lease - general	48	48	48	48
Recoveries/provision no longer required:				
- Loans and advances	(3,616)	(2,401)	(3,616)	(2,401)
- Advances under finance lease	(305)	-	(305)	-
Recovery on previously written-off accounts	(522)	(269)	(522)	(269)
Bad debt written off	-	25	-	25
Provision for diminution of investments	(206)	986	(206)	881
Provision for other known losses	832	198	832	303
	620	4,858	620	4,858

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	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
15 Advances under finance lease				
Gross investment	17,730	11,974	17,730	11,974
Less: Unearned income	(3,332)	(2,465)	(3,332)	(2,465)
Net investment	14,398	9,509	14,398	9,509
Less: total provision	(896)	(132)	(896)	(132)
	13,502	9,377	13,502	9,377
Analysis by performance:				
Performing	12,064	8,381	12,064	8,381
Non-performing:				
- substandard	1,079	905	1,079	905
- doubtful	1,194	212	1,194	212
- lost	61	11	61	11
	14,398	9,509	14,398	9,509
Analysis by maturity:				
0-30 days	1,150	145	1,150	145
1-3 months	975	776	975	776
3-6 months	442	13	442	13
6-12 months	408	982	408	982
Over 12 months	11,423	7,593	11,423	7,593
	14,398	9,509	14,398	9,509
Movement in advances under finance lease provision				
At start of year				
- non-performing	40	-	40	-
- performing	92	44	92	44
	132	44	132	44
Additional provision:				
- non-performing	856	40	856	40
- performing	48	48	48	48
Reclassification from loans and advances	165	-	165	-
Provision no longer required	(305)	-	(305)	-
	764	88	764	88
At end of year				
- non-performing	756	40	756	40
- performing	140	92	140	92
	896	132	896	132

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
16	**Investment securities**				
a.	Investment securities comprise:				
	Long term investments:				
	Debt securities:				
	- Listed	38,695	62,282	36,543	61,247
	- Unlisted	27	27	27	27
	Equity securities:				
	- Listed	1,591	1,792	-	-
	- Unlisted	1,794	2,175	1,794	1,965
		42,107	66,276	38,364	63,239
	Provisions for diminution in value	(675)	(986)	(675)	(881)
		41,432	65,290	37,689	62,358
	Short term investments:				
	Debt securities:				
	- Listed	-	-	-	-
	- Unlisted	6,153	6,172	-	-
		6,153	6,172	-	-
	Total investment securities	47,585	71,462	37,689	62,358
b.	Listed long term debt securities comprise:				
	Federal Government of Nigeria (FGN) bonds (market value: Group - ₦29.97 billion; Bank - ₦27.76 billion)	27,457	46,545	26,009	46,010
	Asset Management Corporation of Nigeria (AMCON) bonds	13	-	13	-
	Other bonds	11,225	15,737	10,521	15,237
		38,695	62,282	36,543	61,247
	Movement in long term investments				
	At start of year	65,290	75,977	62,358	71,406
	Additions	17,330	49,773	15,679	49,773
	Redemption of long term bonds	(19,145)	(31,455)	(19,145)	(31,455)
	Provision for diminution in value	206	(986)	206	(881)
	Disposals	(22,249)	(28,019)	(21,409)	(26,485)
	At end of year	41,432	65,290	37,689	62,358

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

ii. Included in unlisted long term investments are the bank's investment under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS). The Bank made the investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). A total of ₦1.64 billion (2009: ₦1.73 billion) 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 requirement is not expected to exercise influence and control.

iii. Included in listed debt securities is ₦26.01 billion (Market value: ₦27.76 billion) in various Federal Government of Nigeria bonds.

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦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
	1,142	1,142	1,142	1,142
Indirect investment:				
Through African Capital Alliance Limited - (SME Partnership)	437	446	437	446
Through First SMI Investment Company Limited	61	137	61	137
	498	583	498	583
Total	1,640	1,725	1,640	1,725

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
17 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	40
Stanbic Nominees Nigeria Limited ("SNNL")	100	-	-	-	-
Stanbic IBTC Stockbrokers Limited ("SISL")	100	-	-	109	109
RB Resources Limited	100	-	1	-	1
		-	1	1,924	1,925

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

ii. The financial statements of SIVL, SIAML, SIPML, SISL, SITL and SNNL have been consolidated in the group financial statements.

iii 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.

iv The winding up of R B Resources Limited, a subsidiary it acquired as a result of its merger with the legacy Regent Bank PLC in December 2005 was concluded in April 2010.

All the group companies have the same reporting period.

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
18 Other assets				
Interest and fee receivable	6,570	4,180	5,390	3,866
Prepayments	4,246	4,460	3,718	3,761
Accounts receivable	2,003	1,330	1,231	184
Open buy back instruments	-	12,300	-	12,300
Other receivables	5,049	4,897	5,036	5,943
Provision for doubtful receivables	(1,692)	(1,601)	(1,692)	(1,601)
	16,176	25,566	13,683	24,453

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

Movement in provision for doubtful receivables:				
At start of year	(1,601)	(1,845)	(1,601)	(1,845)
- Additional provision	(892)	(589)	(892)	(589)
- Write-back to income statement	580	391	580	286
- Amount written off	221	442	221	547
At end of year	(1,692)	(1,601)	(1,692)	(1,601)

19. Condensed financial statement for the group

Profit and loss account

31 December 2010	Bank ₦million	Stanbic IBTC Asset Mgt Ltd ₦million	Stanbic IBTC Pension Mgt Ltd ₦million
Operating income	40,627	2,102	6,507
Operating expenses	(29,820)	(1,080)	(3,234)
Risk and other asset provision	(620)	-	-
Profit before tax	10,187	1,022	3,273
Tax	(2,376)	(347)	(1,050)
Profit after tax	**7,811**	**675**	**2,223**
31 December 2009	6,258	772	1,665

Balance sheet			
Assets:			
Cash and short term funds	10,048	-	-
Treasury bills	12,428	-	-
Due from other banks	87,439	123	898
Loans and advances to customers	164,203	-	-
Advances under finance lease	13,502	-	-
Investment securities	37,689	2,609	4,846
Investment in subsidiaries	1,924	-	-
Deferred tax assets	939	-	-
Other assets	13,683	763	1,054
Fixed assets	30,757	104	372
31 December 2010	**372,612**	**3,599**	**7,170**
31 December 2009	331,000	3,639	5,270

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
51	-	-	1,590	(2,483)	48,394
(33)	-	-	(701)	622	(34,246)
-	-	-	-	-	(620)
18	-	-	889	(1,861)	13,528
(8)	-	-	(292)	-	(4,073)
10	**-**	**-**	**597**	**(1,861)**	**9,455**
37	-	-	319	(913)	8,138

-	-	-	-	-	10,048
-	-	-	-	-	12,428
315	40	-	973	(1,129)	88,659
-	-	-	-	(251)	163,952
-	-	-	-	-	13,502
1,591	-	-	850		47,585
-	-	-	-	(1,924)	-
-	-	-	-	-	939
-	-	-	405	271	16,176
-	-	-	19	-	31,252
1,906	**40**	**-**	**2,247**	**(3,033)**	**384,541**
2,800	40	-	2,490	(4,749)	340,490

19. Condensed financial statement for the group (continued)

31 December 2010	Bank ₦million	Stanbic IBTC Asset Mgt Ltd ₦million	Stanbic IBTC Pension Mgt Ltd ₦million
Liabilities:			
Customer deposits	187,595	-	-
Due to other banks	56,152	-	-
Other borrowings	18,272		-
Other liabilities	30,983	713	1,364
Current income tax	2,051	684	1,073
Deferred tax liability	-	12	54
Equity and reserves	77,559	2,190	4,679
31 December 2010	**372,612**	**3,599**	**7,170**
31 December 2009	331,000	3,639	5,270
Cash flow			
Net cash from operating activities	(4,253)	408	2,988
Net cash from financing activities	-	(660)	(1,000)
Net cash from investing activities	18,555	(246)	(939)
Increase/(decrease) in cash and cash equivalents	**14,302**	**(498)**	**1,049**

* 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 (-).

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
-	-	-	-	(1,129)	186,466
251	-	-	-	(251)	56,152
-	-	-	-	-	18,272
14	-		1,146	-	34,220
83	-		306	-	4,197
40	-	-	2	-	108
1,518	40	-	793	(1,653)	85,126
1,906	**40**	**-**	**2,247**	**(3,033)**	**384,541**
2,800	40	-	2,490	(4,749)	340,490
(568)	-	-	712	(481)	(1,194)
(260)	-	-	(700)	2,326	(294)
335	-	-	16	(1,756)	15,965
(493)	**-**	**-**	**28**	**89**	**14,477**

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20 Property and equipment - group 2010

	At start of year ₦million	Additions ₦million	Disposals/ write-offs ₦million	Reclassifications ₦million	At end of year ₦million
Cost					
Leasehold land and buildings	11,182	438	(1)	4,272	15,891
Motor vehicles	2,872	692	(258)	58	3,364
Furniture, fittings & equipment	2,979	746	(182)	2,941	6,484
Computer hardware	3,516	190	(83)	1,465	5,088
Computer software	532	-	-	-	532
Work in progress	11,969	9,906	(3,457)	(8,736)	9,682
	33,050	11,972	(3,981)	-	41,041

	At start of year ₦million	Charge for the year ₦million	Disposals/ write-offs ₦million	Reclassifications ₦million	At end of year ₦million
Accumulated depreciation					
Leasehold land and buildings	1,438	957	(1)	-	2,394
Motor vehicles	1,328	757	(183)	-	1,902
Furniture, fittings & equipment	1,686	895	(165)	-	2,416
Computer hardware	1,459	1,322	(68)	-	2,713
Computer software	261	103	-	-	364
	6,172	4,034	(417)	-	9,789

	At start of year ₦million	At end of year ₦million
Net book value		
Leasehold land and buildings	9,744	13,497
Motor vehicles	1,544	1,462
Furniture, fittings & equipment	1,292	4,068
Computer hardware	2,058	2,375
Computer software	271	168
Work in progress	11,969	9,682
	26,878	31,252

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.

20 Property and equipment - bank 2010

	At start of year ₦million	Additions ₦million	Disposals/ write-offs ₦million	Reclassifications ₦million	At end of year ₦million
Cost					
Leasehold land and buildings	11,181	438	(1)	4,272	15,890
Motor vehicles	2,583	526	(173)	58	2,994
Furniture, fittings & equipment	2,677	710	(158)	2,941	6,170
Computer hardware	3,079	144	(27)	1,465	4,661
Computer software	329	-	-	-	329
Work in progress	11,969	9,906	(3,457)	(8,736)	9,682
	31,818	11,724	(3,816)	-	39,726

	At start of year ₦million	Charge for the year ₦million	Disposals/ write-offs ₦million	Reclassifications ₦million	At end of year ₦million
Accumulated depreciation					
Leasehold land and buildings	1,438	957	(1)	-	2,394
Motor vehicles	1,193	664	(120)	-	1,737
Furniture, fittings & equipment	1,562	822	(154)	-	2,230
Computer hardware	1,179	1,211	(25)	-	2,365
Computer software	179	64	-	-	243
	5,551	3,718	(300)	-	8,969

	At start of year ₦million	At end of year ₦million
Net book value		
Leasehold land and buildings	9,743	13,496
Motor vehicles	1,390	1,257
Furniture, fittings & equipment	1,115	3,940
Computer hardware	1,900	2,296
Computer software	150	86
Work in progress	11,969	9,682
	26,267	30,757

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.

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
21	**Customer deposits**				
	Current deposits	77,211	67,646	78,103	68,611
	Savings deposits	9,485	5,880	9,485	5,880
	Term deposits	84,030	80,558	84,030	80,558
	Domiciliary deposits	15,740	15,115	15,977	15,361
	Electronic purse	-	1	-	1
		186,466	169,200	187,595	170,411

Included in customer deposits is ₦255 million (2009:₦155 million) representing cash collateral held against advances.

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Analysis by maturity				
0 - 30 days	172,702	134,287	173,831	135,498
1-3 months	8,496	28,404	8,496	28,404
3-6 months	2,290	5,706	2,290	5,706
6-12 months	2,900	652	2,900	652
Over 12 months	78	151	78	151
	186,466	169,200	187,595	170,411

		Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
22	**Due to other banks**				
	Current balances with banks	293	953	293	953
	Inter-bank taking	55,859	37,381	55,859	37,381
		56,152	38,334	56,152	38,334
23	**Other borrowings**				
	FMO - Netherland Development Finance Company	10,117	11,089	10,117	11,089
	International Finance Corporation (IFC)	802	1,184	802	1,184
	European Investment Bank	3,443	374	3,443	374
	Bank of Industry	2,560	-	2,560	-
	CBN Commercial Agricultural Credit Scheme (CACS)	1,350	-	1,350	-
		18,272	12,647	18,272	12,647

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 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.

iv. The bank obtained a Central Bank of Nigeria (CBN) initiated on-lending naira facilty from Bank of Industry in September 2010 at a fixed rate of 1% p.a. on a tenor based on agreement with individual customer and beneficiary.

v. The bank during the year received free interest bearing loan from the Central Bank of Nigeria (CBN) for purpose of on - lending under the Commercial Agricultural Credit Scheme (CACS). The disbursement of these funds are represented in customers loans and advances.

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Analysis by maturity				
0 - 30 days	1,126	-	1,126	-
1-3 months	220	42	220	42
3-6 months	590	239	590	239
6-12 months	2,142	1,389	2,142	1,389
Over 12 months	14,194	10,977	14,194	10,977
	18,272	12,647	18,272	12,647

24 Other liabilities

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Customers' deposit for letters of credit	5,528	8,804	5,528	8,804
Interest payable	1,838	3,372	1,822	3,372
Unearned income	291	1,034	257	967
Accrued expenses	5,611	2,845	4,889	2,556
Account payables	16,357	13,934	14,035	11,739
Collections/remittances payable	3,999	1,905	3,856	1,723
Proceeds from public offers	10	2,016	10	2,016
Provision on losses for off balance sheet	586	142	586	142
	34,220	34,052	30,983	31,319

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

25 Deferred taxes

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Deferred tax liabilities	108	100	-	-
Deferred tax assets	(939)	(594)	(939)	(594)
	(831)	(494)	(939)	(594)
Movement in deferred taxes:				
At start of year	(494)	378	(594)	236
(Write-back)/charge for the year	(360)	(830)	(345)	(830)
Reclassification from current income tax	(13)	49	-	-
Prior year adjustment on revaluation of securities	(4)	(3)	-	-
(Write-back)/charge on revaluation of securities	40	(88)	-	-
At end of year	(831)	(494)	(939)	(594)

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
26 Non controlling interest				
At start of year	1,017	711	-	-
Transfer from profit and loss	653	490	-	-
Dividend paid	(294)	(147)	-	-
Increase in shareholding in subsidiary company	-	(37)	-	-
At end of year	1,376	1,017	-	-

27 Share capital

Authorised

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
20 billion ordinary shares of 50 kobo each (2009: 20 billion ordinary shares of 50 kobo 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 end of year	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 2009	10,419	1,039	272	129	11,961	23,820
Increase in subsidiary shareholding	-	-	-	294	-	294
On revaluation of securities	-	-	(272)	-	-	(272)
Dividend paid	-	-	-	-	(7,500)	(7,500)
Bonus issues					(354)	(354)
Transfer from profit and loss account	1,147	-	-	-	6,501	7,648
At 31 December 2009/ 1 January 2010	11,566	1,039	-	423	10,608	23,636
On revaluation of securities	-	-	93	-	-	93
Dividend paid	-	-	-	-	(5,625)	(5,625)
Transfer from profit and loss account	1,450	-	-	-	7,352	8,802
At period end 31 December 2010	13,016	1,039	93	423	12,335	26,906
Bank						
At prior period start - 1 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 31 December 2009/ 1 January 2010	11,074	1,039	-	-	6,416	18,529
Dividend paid	-	-	-	-	(5,625)	(5,625)
Transfer from profit and loss account	1,172	-	-	-	6,639	7,811
At period end 31 December 2010	12,246	1,039	-	-	7,430	20,715

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 group, and remitted to the Pension Fund Administrators, during the period was ₦631 million (2009: ₦549.97 million).

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*

There were 136 legal proceedings outstanding at 31 December 2010 with claims amounting to ₦30.3 billion (2009: ₦31 billion). The claims are considered without merit, and the bank is defending them vigorously. It is not expected that the ultimate resolution of any of the proceedings will have a significantly adverse effect on the financial position of the bank.

On 6 December 2010 a judgement of ₦2.5 billion was delivered in favour of one of the claims noted above. The bank has lodged an appeal against the judgement, and intends to vigorously defend its position in the appeal court. Furthermore legal advice was obtained from independent Senior Advocates of Nigeria (SANs) to assess the merits of the appeal. Their respective advice indicates that it is unlikely that any significant loss will arise in the ultimate resolution of this matter.

Based on professional advice received and management's 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 ₦36.08 million (2009: ₦4.14 billlion) in respect of various construction work being undertaken on branch expension, and revamping project.

	2010 ₦million	2009 ₦million
a) Aggregate or estimated amount of contracts for capital expenditure so far as not provided for; and	36	3,364
b) Aggregate or estimated amount of capital expenditure authorised by the directors which has not been contracted.	-	777
	36	4,141

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 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Performance bonds and guarantees	5,280	3,371	5,280	3,371
Letters of credit	9,327	12,376	9,327	12,376
Forward and swap contracts	254	451	254	451
	14,861	16,198	14,861	16,198

31 Dividend

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Proposed dividend 39 kobo (2009: 30 kobo) per share	7,313	5,625	7,313	5,625

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 2010 of 39 kobo per share (2009: 30 kobo) amounting to a total of ₦7.3 billion (2009:₦5.6 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 2011.

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 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Profit after tax	9,455	8,138	7,811	6,258
Number of shares (in millions)	18,750	18,750	18,750	18,750
Weighted average number of shares (in millions)	18,750	18,750	18,750	18,750
Earnings per share (EPS) - basic	50 k	43 k	42 k	33 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 2010.

33 Compliance with banking regulation

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

- Infraction of Section 60 (1) of BOFIA, 1991 - write off of insider related loan RB Resources (fine: ₦2 million)
- Penalty imposed arising from the Nigerian Financial Intelligence Unit (NFIU) examination of the bank conducted in April 2009 (fine: ₦4 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 2010 Number	Group 2009 Number	Bank 2010 Number	Bank 2009 Number
Executive directors	5	5	5	5
Management	411	361	377	330
Non-management	1,832	1,643	1,566	1,387
	2,248	2,009	1,948	1,722

Compensation for the above staff (excluding executive directors):

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Salaries and wages	14,271	12,919	12,533	11,311
Retirement benefit - Pension (note 29)	627	550	539	479
	14,898	13,469	13,072	11,790

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 N1,000,001	-	30	-	20
₦1,000,001 - ₦2,000,000	106	97	56	50
₦2,000,001 - ₦3,000,000	841	833	819	788
₦3,000,001 - ₦4,000,000	408	319	304	244
₦4,000,001 - ₦5,000,000	253	212	205	161
₦5,000,001 - ₦6,000,000	100	55	79	41
₦6,000,001 and above	540	463	485	418
	2,248	2,009	1,948	1,722

b) Directors

The remuneration to the directors is as follows:

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Fees and sitting allowances	151	142	151	142
Executive compensation (salary including all benefits)	568	644	568	609
	719	786	719	751
Directors' other expenses	1	2	1	2
	720	788	720	753
Fees and other emoluments disclosed above include amounts paid to:				
(i) the chairman	36	33	36	33
(ii) the highest paid director	177	211	177	211

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, SISL and SIPML under the terms of a management and advisory services agreement for a fee.

Included in loans and advances is an amount of ₦18.73 billion (2009 : ₦6.95 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 2010 are as stated below:

(a) (i) Schedule of insider related credits

Name of company/individual	Relationship	Name of related interest	Facility type	Date granted	Expiry date
Flour Mills of Nigeria Plc	Chairman	Atedo Peterside	Overdraft	30-Nov-10	12-Jan-11
Presco Plc	Chairman	Atedo Peterside	Term loan	1-Oct-08	31-Dec-11
International Glass Industries Limited.	Director	B.I. Mahtani	Finance lease	6-Oct-08	20-Oct-12
PPC Limited	Director	Sam U Unuigbe/ Ahmed I Dasuki	Finance lease	23-Jul-09	31-Jul-13
MTN Nigeria Communications Ltd	Director	Ahmed I Dasuki	Term loan	30-Dec-10	30-Mar-11
Acorn Petroleum Plc	Director	Christopher Kolade	Finance lease	2-Nov-09	30-Oct-12
Acorn Petroleum Plc	Director	Christopher Kolade	Term loan	13-Jul-10	1-Mar-11
Various staff	Staff	Various staff	Staff loan	Various	Various
		Total - Insider related credits			

(ii) Off balance sheet engagements

Name of company	Relationship	Name of related interest	Facility type	Outstanding ₦'000	Status
Flour Mills Nig Plc	Chairman	Atedo Peterside	Unconfirmed LC	1,071,309	Performing
Nigeria Breweries	Chairman	Atedo Peterside	Unconfirmed LC	134,190	Performing
Total				1,205,499	

(b) Other related party items

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

Related party items	Standard Bank Group	SIAML	SIVL	SIPML	SISL
Relationship to the bank	Parent ₦000	Subsidiary ₦000	Subsidiary ₦000	Subsidiary ₦000	Subsidiary ₦000
Deposit balances	21,978,468	117,756	314,122	328,067	324,337
Account receivables	-	327,843	6,783	138,134	24,567
Loans (due to SIBTC)	-	-	251,100	-	-
Account payables	-	-	-	-	337

Approved credit limit ₦000	Outstanding ₦000	Status	Interest rate	Perfected security		Deposit outstanding ₦000	Type of deposit
				Security nature	Security value ₦000		
4,500,000	198,692	Performing	20.00%	Negative Pledge	-	22,382	Current a/c
548,239	171,540	Performing	5.29%		-	5,749	Time/current account
16,296	5,721	Performing	18.50%	Asset financed	5,721	-	
58,928	25,970	Performing	19.00%	Asset financed	25,970	4,395	Time/current account
12,365,040	12,365,040	Performing	11.91%	Negative pledge	-	7,841,368	Time/current account
11,742	5,550	Performing	16.50%	Asset financed	5,550	1,185	Current a/c
1,583,134	258,280	Performing	9.00%	Cross guarantee of sister companies	2,412,432	-	
6,944,303	5,696,466	Performing	10% to 15.5%	-	-	902,585	Time/current account
26,027,682	18,727,259					8,777,664	

37 Cash and cash equivalents

a. 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 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Cash and balances with central banks (less restricted balances)	8,206	6,484	8,206	6,480
Treasury bills and eligible bills	12,428	11,378	12,428	11,378
Due from other banks	88,659	76,954	87,439	75,913
	109,293	94,816	108,073	93,771

b. **Cash generated from operations**

Reconciliation of profit before tax to cash generated from operations:

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
Operating profit	13,528	10,342	10,187	7,141
Provision for loan loss	3,533	6,231	3,533	6,231
Amounts written back on previously provisioned accounts	(3,921)	(2,670)	(3,921)	(2,670)
Provision for leases	904	88	904	88
Provision for forward cover gain	18	3,696	17	3,696
Provision for off balance sheet	444	110	444	110
Interest in suspense (note 13b)	1,329	1,282	1,329	1,282
Interest income written off (note 13b)	(1,368)	(1,101)	(1,368)	(1,101)
Loans written off (note 13a)	(4,004)	(1,350)	(4,004)	(1,350)
Witholding tax charge	(90)	(99)	(90)	(82)
Provision for other assets	312	198	312	303
(Write back of)/ provision for diminution in value of investment	(311)	986	(206)	881
(Profit)/ loss on disposal of fixed asset (note 7)	(8)	4	(2)	3
Gain on disposal of investment	-	(456)	-	(30)
Depreciation (note 7)	4,034	2,567	3,718	2,267
Interest received (note 3)	(34,359)	(40,920)	(33,808)	(39,952)
Interest paid (note 4)	7,989	15,813	8,012	15,870
Dividend received (note 6)	(103)	(169)	(1,886)	(975)
Operating profit before changes in operating assets and liabilities	(12,073)	(5,448)	(16,829)	(8,288)

	Group 2010 ₦million	Group 2009 ₦million	Bank 2010 ₦million	Bank 2009 ₦million
(Increase)/decrease in operating assets:				
Cash reserve balances	(554)	606	(554)	606
Loans to customers	(49,153)	(14,802)	(48,945)	(14,649)
Advances under finance leases	(4,889)	(5,204)	(4,889)	(5,204)
Short term investments	19	(4,724)	-	440
Interest receivable and prepayment	(2,176)	2,172	(1,481)	1,782
Accounts receivable	(673)	423	(1,047)	861
Other receivables, net of sundry receivables in acquiree	11,912	(13,107)	12,970	(12,306)
	(45,514)	(34,636)	(43,946)	(28,470)
Increase/(decrease) in operating liabilities				
Customer deposits	17,266	73,938	17,184	71,497
Due to other banks	17,818	(43,868)	17,818	(43,868)
Customers' deposit for foreign currency denominated obligations	(3,276)	(5,191)	(3,276)	(5,191)
Interest payable and unearned income	(2,277)	(1,946)	(2,260)	(1,956)
Accounts payable	7,291	(3,295)	6,762	(4,322)
Public offer proceeds, and other payables	(2,006)	(28,763)	(2,006)	(28,763)
	34,816	(9,125)	34,222	(12,603)
Cash used in operations	(22,771)	(49,209)	(26,553)	(49,361)

Financial risk analysis

For the year ended 31 December 2010

Enterprise risk review

Fundamental to the business activities and future growth prospects of Stanbic IBTC is a strong risk management practice, which is the bedrock of the group's avowed commitment to the objectives of enhancing shareholders' value at all times by developing and growing the business in strict adherence to the risk appetite set by the board as well as balancing this objective with the wider interest of other stakeholders including regulators and depositors. 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 are committed to aligning 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 bank and its subsidiaries have 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 2010

The past year has been another very challenging one for the world economy and financial markets even as a few of the emerging economies have started to show some recovery in macro-economic indices. Nevertheless, it has also been a year of diversifying and deepening the group's experience in many dimensions as high impact events, hitherto considered highly improbable including new regulatory guidelines unfolded at random, creating a platform for the group to distinguish itself in the market place by the quality and robustness of its risk management practices and tools. Some of the challenges included raising the practical knowledge of the risk governance standards, policies and procedures within the group, deploying and embedding risk management tools at lower management levels, creating the appropriate risk culture and sensitivity, strengthening the control functions, adopting proactive approaches to risk identification and fortifying the risk management team with strategic and tactical upskilling.

At the same time, the group had to handle expansion in branch and point of sale network into many new regions and states, launching of new retail products, deployment of new distributions channels, maintaining low credit loss ratio in the face of increasing risk assets, unstable inter-bank money market coupled with almost a total collapse of government yield curve, inconsistent access to repo facilities as well as high regulatory intervention and rapid policy changes. The group's current control framework and procedures displayed the required resilience and dynamism in the face of rising uncertainty and vulnerability while oversight functions including monitoring and reporting were reinforced through the full implementation of risk assurance functions and an escalation matrix.

- The group continued its comprehensive review of its risk management standards, policies and procedures in order to achieve a better coverage of emerging risk issues and enhance the effectiveness and efficiency of its risk management practices and tools;
- The group established and implemented standards and policies for information risk management, which define the principle and practices that are necessary to ensure the protection of information resources;
- In order to further strengthen its liquidity management framework and promote short and long-term resilience

to potential liquidity disruption, the group implemented two minimum standards for liquidity management as proposed under Basel III, which are the 30-day liquidity coverage ratio (LCR) and net stable funding ratio (NSFR);

- As as way of broadening its breadth of risk expertise and plan for future demand, the group established an internship scheme through which undergraduates with requisite quantitative aptitude are identified and exposed early to basic risk management tools;
- The group conducted a business continuity management (BCM) test using a desktop walkthrough approach in order to assess the group's ability to recover and restore total business operations in the event of unexpected operational disruptions or disasters. The exercise, which was conducted mainly by alternate members of the crisis management team also provided opportunities to test their response ability in the absence of key crisis management team members; the group also conducted four tests on the recovery site infrastructure to determine its suitability for meeting its recovery time objectives;
- Risk assurance (RA) function conducted independent assurance regarding risks, processes and controls in 63 units, regarded as low-medium risk entities;
- As part of its commitment to global best practice and ethical conduct, the group developed and implemented a surveillance procedure for identification and resolution of conflict of interest situations by accessing the global conflict control room (GCCR) and obtaining conflict clearance on CIB pipeline deals;
- In order to enable the business to achieve its set objective by providing adequate risk management support at a more granular level, the group established dedicated risk teams for the 3 key business segments;
- Enhancement of credit capabilities with the establishment of a collection call centre and scalable origination and account management modules;
- Establishment of an in-house verification unit and the use of two commercial credit bureaus to curtail potential losses related to defective loan applications.

Focus areas for 2011

The reaction of governments and regulators to the recent turmoil in the world financial markets, which has led to the current wave of very intensive financial market regulations as well as the introduction of more rigorous regulations on banks both globally and locally is expected to position risk management as part of strategic focus of any financial institutions aiming to play a leading role in the global economic recovery. Additionally, a significant change in Nigeria's banking landscape through the revocation of universal banking regime and its replacement with specialist banking regime has made it imperative for risk management practices to become more sophisticated, dynamic, and well resourced than ever before with fit-for-purpose systems capabilities. To this extent, we will focus on:

- Continued upholding of liquidity resilience over short and long-term time horizons by maintaining a conservative structural liquidity mismatch profile, supported by adequate levels of marketable assets and net stable funding;
- Entrenching the principles and methodologies of scenario and stress testing in market and liquidity risks by adding seven new stress test scenarios including the Russian Crisis of 1988;
- Continued embedding of risk culture and enhancement of control environment at all management levels of the group through ownership of risk management practices and tools by business units and designation of dedicated risk officers within business units;
- Strengthening the group's ability to preserve its brand value from any adverse perception through the development of a reputation risk management framework, standard and procedure;
- Continued enhancement of readiness level of people, process and system for the implementation of a new core banking application as well as addressing post-implementation issues;
- Raise the readiness level for the introduction and implementation of advanced measurement approach (AMA) in the assessment of group's operational risks; as well as the deployment of a robust system which supports data capture, management and measurement of risks, together with decision-making and business performance tools on a single, highly scalable platform.
- Continued enhancement of the group's business recovery capabilities through the establishment of a dedicated command centre and a new purposed built business recovery site;
- Reinforcing the group's ability to proactively identify and respond to financial crimes by establishing financial crimes control function to provide independent forensic auditing and investigation;
- Continued building of credit capabilities by the setting-up of specialist credit units coupled with an enhanced portfolio and transaction monitoring unit.

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.

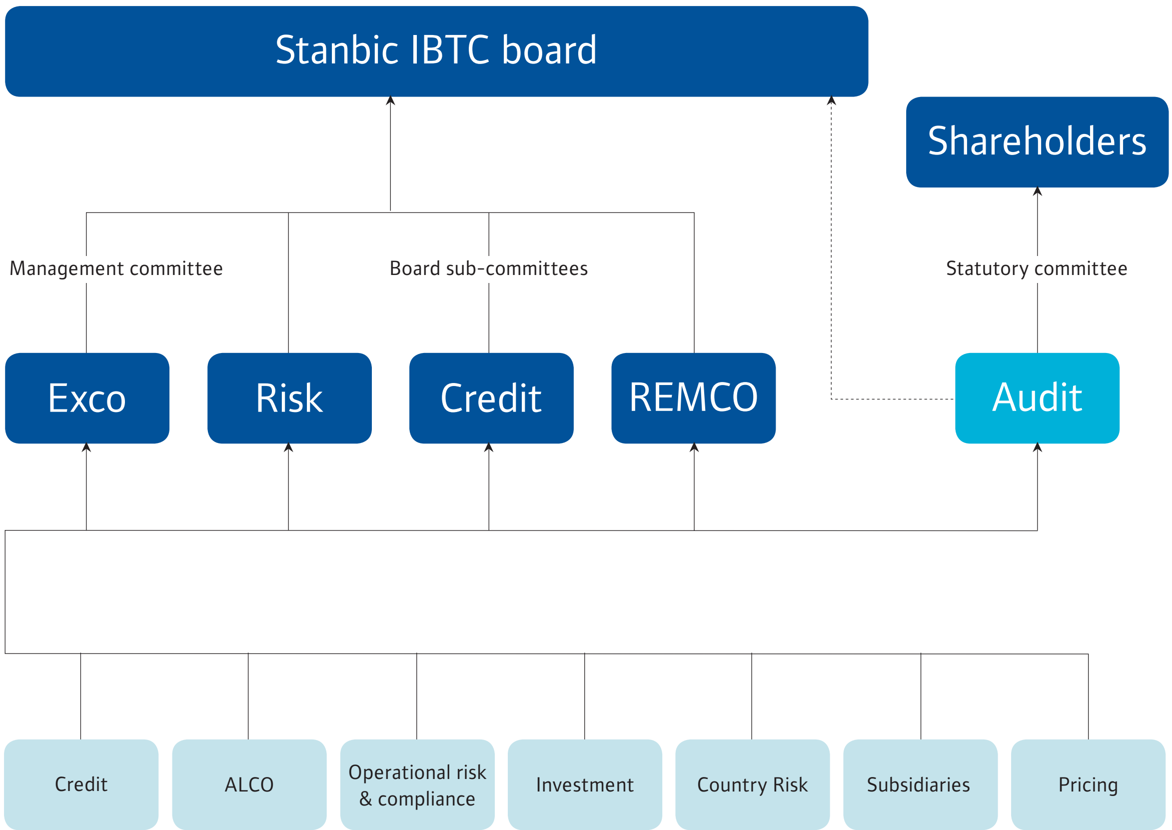
The risk governance structure (see diagram overleaf) provides executive management and the board, through the various committees, with the forums to evaluate, consider and debate key risks faced by the group and assess the effectiveness of the management of these risks through a number of reports received 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 units. 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 risk 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 the Standard Bank Group (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 standards 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 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.

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

Principal credit policies

The group's credit risk standard, as updated regularly, establishes and defines the principles to be applied in credit risk decisions and sets out the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk in Stanbic IBTC.

Deriving from the credit risk standard, the Corporate and Investment Banking (CIB) credit policy, and the Personal and Business Banking (PBB) credit policy have been formulated to complement and operationalise the principles set out in the credit standard. These policies provide a comprehensive framework within which all credit risk emanating from the operations of Stanbic IBTC are properly identified, quantified, assessed, approved, legally executed, monitored and controlled in order to minimize the risk of financial loss; and assure consistency of approach in the treatment of regulatory compliance requirements.

In addition to the credit standard, CIB and PBB policies, a number of related credit policies and documents have been developed, with contents that are relevant to the full implementation and understanding of the credit policies. Some of these policies/ documents are as stated below:

- Credit counterparty rating policy
- Country risk standard
- Credit governance framework
- The Basel II Accord
- Credit risk review policy
- Credit portfolio limit framework
- Collateral valuation guideline
- Controls breach framework

Methodology for risk rating

The starting point of all credit risk assessment and evaluation lies in the counterparty risk grading, which is quantified and calculated in compliance with the group's credit rating policy and using such Basel-2 compliant models as are in current use and which are updated or enhanced from time to time.

Credit risk quantification for any exposure or portfolio is summarised by the calculation of the expected loss (EL), which

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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 group standard guidelines.
- 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 regulatory capital reserving, using the regulatory Capital Calculator developed, maintained and updated in terms of Basel 2, 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 2 capital requirements (where applicable) and the revenue and return on equity implications of the credit proposal is mandatory in all credit applications and reviews.

Framework and governance

Credit risk remains a key component of financial risks faced by any bank given the very nature of its business. The importance of credit risk management cannot be over emphasized as consequences can be severe when neglected. Stanbic IBTC has established sound governance principles to ensure that credit risk is managed effectively 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 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 credit 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.

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 whilst 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 CRMC 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 approval, 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;
- 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; and
- a sign off from country risk committee for any cross border facilities.

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 below.

Corporate & investment banking (CIB)

NGN000,000

Group's rating	Global & Africa Credit Committee / Board Credit Committee	Management Credit Committee	Country Credit Head/ Head of CIB Credit
		Maximum Approval Limit (₦million)	
Corporate & investment banking			
SB01 - SB10	Up to legal lending limit	Up to legal lending limit	Up to legal lending limit
SB11 - SB12	Up to legal lending limit	Up to legal lending limit	10,600
SB13	Up to legal lending limit	Up to legal lending limit	7,600
SB14 - SB15	Up to legal lending limit	Up to legal lending limit	4,500
SB16 - SB18	Up to legal lending limit	12,000	3,800
SB19 - SB20	Up to legal lending limit	6,000	1,500
SB21	Up to legal lending limit	4,500	1,500
SB22 - SB23	Up to legal lending limit	4,500	800
SB24 - SB25	Up to legal lending limit	4,500	600
Personal & business banking			
SB01 - SB25	Up to legal lending limit	2,250	930

The global credit committee approves 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.

Credit risk measurement

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.

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 group has adopted the PD Master Scale rating concept with a single scale to measure the credit riskiness of all counterparty types. The grading system changed from a 21-point scale for performing assets, with three additional default grades, to a 25-point scale, with three additional default grades (unchanged).

Some advantages of a PD Master Scale include the ability to compare entities in terms of default risk across portfolios and the removal of all dependency on a specific model's calibration going forward, making future enhancements to models easier to implement.

The table below shows a view of an indicative external rating equivalent bearing in mind that these equivalents may change from time to time i.e.

Group's rating	Grade description	External rating
SB01 - SB12/SB13	Investment grades	AAA to BBB-
SB13 - SB25	Speculative grades	BB- to CCC

Provisioning policies

The internal and external rating systems 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.

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.

Non performing loan analysis

The tables below show analyses of non performing loans as at 31 December 2010.

Provision adequacy

₦million	Gross NPL balance	Interest in suspense	Net NPL	Provision	Provision adequacy	Security value (NPV)
Margin lending	1,031	328	703	606	86%	304
Oil & gas	8,025	686	7,339	3,457	47%	9,190
Others	5,181	456	4,725	2,372	50%	4,088
Closing balances	14,237	1,470	12,767	6,435	50%	13,582

Risk assets (loans and advances, advances under finance leases, off-balance sheet direct credit substitutes, etc)

Loans & advances and advances under finance leases are summarised as follows:

		Group 2010 ₦million	Group 2009 ₦million
Performing		172,905	114,270
Non-performing:	- substandard	1,499	1,764
	- doubtful	9,990	11,501
	- lost	2,748	5,565
		187,142	133,100

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:

At 31 December 2010	Retail ₦million	Corporate ₦million	SME ₦million	Financial institutions ₦million	Total ₦million
Past due up to 30 days	9,843	8,664	-	-	18,507
Past due 30 - 60 days	826	-	-	-	826
Past due 60 - 90 days	179	636	-	-	815
	10,848	9,300	-	-	20,148
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

Non-performing loans by industry

	Group 2010 ₦million	Group 2009 ₦million
Agriculture	2	-
General commerce	3,194	7,212
Manufacturing	12	284
Mining and quarrying	8,025	8,134
Real estate and construction	6	2,274
Finance and insurance	800	559
Government	-	-
Transportation	1,814	108
Communication	384	259
	14,237	18,830

Non-performing loans by geography

	Group 2010 ₦million	Group 2009 ₦million
South South	1	226
South West	13,004	17,610
South East	63	70
North West	275	72
North Central	893	852
North East	1	-
	14,237	18,830

Financial risk analysis

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 of 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 2010	Due from banks ₦million	Loans and advances ₦million	Advances under finance lease ₦million	Debt instruments ₦million	Total ₦million
South South	-	3,758	97	-	3,855
South West	33,688	154,853	11,743	38,722	239,006
South East	-	1,632	1,437	-	3,069
North West	-	5,938	343	-	6,281
North Central	-	6,342	498	-	6,840
North East	-	221	280	-	501
Outside Nigeria	54,971	-	-	-	54,971
	88,659	172,744	14,398	38,722	314,523

At 31 December 2009	Due from banks ₦million	Loans and advances ₦million	Advances under finance lease ₦million	Debt instruments ₦million	Total ₦million
South South	-	2,045	-	-	2,045
South West	30,313	116,496	9,509	62,309	218,627
South East	-	959	-	-	959
North West	-	1,784	-	-	1,784
North Central	-	2,249	-	-	2,249
North East	-	58	-	-	58
Outside Nigeria	46,641	-	-	-	46,641
	76,954	123,591	9,509	62,309	272,363

(b) Industry sectors

At 31 December 2010	Due from banks ₦million	Loans and advances ₦million	Advances under finance lease ₦million	Debt instruments ₦million	Total ₦million
Agriculture	-	1,393	82	-	1,475
Oil and gas	-	10,325	329	-	10,654
Capital market	-	662	-	-	662
Consumer credit	-	19,746	3,045	-	22,791
Manufacturing	-	37,255	1,205	-	38,460
Mining and quarrying	-	10,581	63	-	10,644
Mortgage	-	10,643	-	-	10,643
Real estate and construction	-	7,595	35	1,000	8,630
Finance and insurance	88,659	376	114	2,502	91,651
Government	-	3,668	258	35,220	39,146
Power	-	11,512	-	-	11,512
General commerce	-	25,868	3,927	-	29,795
Public utilities	-	343	-	-	343
Transportation	-	775	5,179	-	5,954
Communication	-	31,978	115	-	32,093
Education	-	24	47	-	71
	88,659	172,744	14,399	38,722	314,524

At 31 December 2009	Due from banks ₦million	Loans and advances ₦million	Advances under finance lease ₦million	Debt instruments ₦million	Total ₦million
Agriculture	-	637	2	-	639
Oil and gas	-	25,982	291	-	26,273
Capital Market	-	13	619	-	632
Consumer credit	-	11,265	2,471	-	13,736
Manufacturing	-	40,419	950	-	41,369
Mining and quarrying	-	80	-	-	80
Mortgage	-	2,341	3	-	2,344
Real estate and construction	-	2,320	4	-	2,324
Finance and insurance	76,954	1,371	1,286	3,739	83,350
Government	-	406	-	58,570	58,976
Power	-	2,262	-	-	2,262
General commerce	-	18,370	1,905	-	20,275
Public utilities	-	2,376	51	-	2,427
Transportation	-	900	1,635	-	2,535
Communication	-	14,602	247	-	14,849
Education	-	247	45	-	292
	76,954	123,591	9,509	62,309	272,363

Financial risk analysis

For the year ended 31 December 2010

Analysis by portfolio distribution and risk rating

At 31 December 2010	A+ to A-	BBB+ to BB-	Below BB-	Unrated	Total
	-	197,762	93,411	23,321	314,524
	-	197,762	93,411	23,321	314,524

At 31 December 2009	A+ to A-	BBB+ to BB-	Below BB-	Unrated	Total
	-	140,477	118,175	13,711	272,363
	-	140,477	118,175	13,711	272,363

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 2010 **Asset**	Naira ₦million	US Dollar ₦million	GBP ₦million	Euro ₦million	Others ₦million	Total ₦million
Cash and balances with CBN	8,945	433	457	180	33	10,048
Treasury Bills	12,428	-	-	-	-	12,428
Due from other banks	22,518	62,852	791	1,862	636	88,659
Loans and advances to customers	123,496	40,451	-	5	-	163,952
Advances under finance lease	13,502	-	-	-	-	13,502
Investment securities	47,306	279	-	-	-	47,585
Investment in subsidiaries	-	-	-	-	-	-
Deffered tax asset	939	-	-	-	-	939
Other assets	3,106	9,093	17	20	3,940	16,176
Property and equipment	31,252	-	-	-	-	31,252
Total assets	263,492	113,108	1,265	2,067	4,609	384,541
Liabilities						
Customer deposits	157,767	25,832	2,307	526	34	186,466
Due to other banks	36,337	19,795	-	-	20	56,152
Other borrowings	3,910	14,362	-	-	-	18,272
Other liabilities	21,365	6,572	162	1,556	4,565	34,220
Current income tax	4,197	-	-	-	-	4,197
Deffered tax liabilities	108	-	-	-	-	108
Total liabilities	223,684	66,561	2,469	2,082	4,619	299,415
Net on-balance sheet financial position	39,808	46,547	(1,204)	(15)	(10)	85,126
Off balance sheet	56,237	(44,186)	1,255	1,014	541	14,861

At 31 December 2009	Naira ₦million	US Dollar ₦million	GBP ₦million	Euro ₦million	Others ₦million	Total ₦million
Total assets	262,778	71,516	1,167	4,854	175	340,490
Total liabilities	(194,570)	(58,994)	(1,373)	(3,949)	(107)	(258,993)
Net on-balance sheet financial position	68,208	12,522	(206)	905	68	81,497
Off balance sheet	28,274	(11,602)	426	(827)	(73)	16,198

Market risk

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 CIB trading 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 board risk committee.

The 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;
- back-testing;
- 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 group's capital.

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.

Stress tests

Stress testing provides an indication of the potential losses that could occur in extreme market conditions and is carried out to augment other risk measures that are used by the bank, such as VaR and market risk factor sensitivities. These stress scenarios are typically used to highlight exposures that may not be explicitly incorporated by the VaR and specific sensitivity calculations, such as basis or correlation risks and out of the money option positions that can be the source of large losses when abnormally large market movements occur. Stress testing also attempts to indicate the size of the loss provoked by any of a number of unlikely but possible shock events given current positions held.

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 of rate of 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.

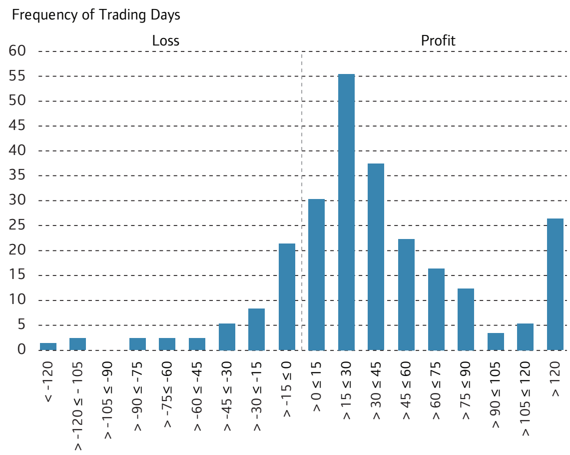
Pricing models and risk metrics used in production systems, whether these systems are off-the-shelf or in-house developed, are independently validated by the market risk unit before their use and periodically thereafter to confirm the continued applicability of the models. In addition, the market risk 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.

Annual net interest income at risk

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.

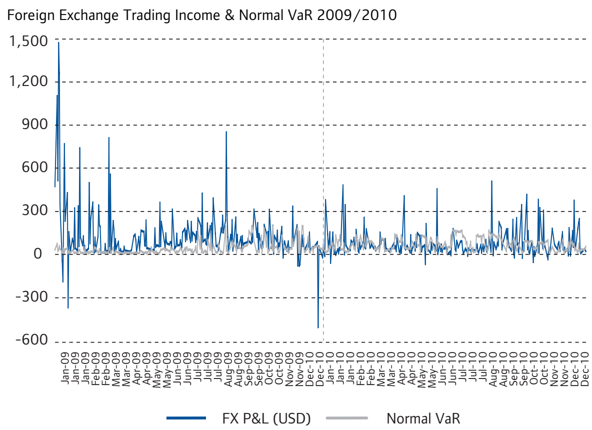
Distribution of trading income in 2010

The histogram below shows the distribution of daily income and losses during 2010. 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 206 days out of a total of 248 days with 26 positive out-liers.



Analysis of fx value-at-risk (VaR) and actual income

The graph below shows the normal VaR analysis and the actual income of the foreign currency trading unit in 2010. It reflects a relative stability in VaR amount despite the fluctuation in trading income.



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$613 and US$158,060 respectively with an annual average of US$62,800, which translates to a very conservative percentage VaR base limit utilisation of 23% on average.

FX VaR (USD)	Minimum	Average	Maximum	31 Dec 2010	31 Dec 2009
Normal VaR	613	62,800	158,060	47,705	29,553
Stress VaR	5,939	1,508,413	3,580,457	1,993,395	350,890

Analysis of PV01

The table below shows the PV01 of the money market banking and trading books as well as fixed income. The trading book PV01 exposure was ₦1.65 million and banking book PV01 exposure stood at ₦5.62 million while the fixed income PV01 exposure of ₦0.15 million, thus reflecting a very conservative exposure utilisation. Overall, limit discipline was very good.

PVO1 (₦000)	2010	2009	Limit
Money market trading book	1,659	6,137	7,780
Money market banking book	5,625	6,651	13,230
Fixed income	151	265	3,400

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 months 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.

	Stress condition	Utilisation (%age) 31 Dec 2010	Limit
LCY interest rate shock	Rates up 200 bps	6.69	<10%
	Rates down 200 bps	(7.75)	<10%
FCY interest rate shock	Rates up 75 bps	(2.25)	<10%
	Rates down 75 bps	1.00	<10%

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.

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 must 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;
- material, off-balance sheet facilities granted by the bank are profiled on the basis of probable drawdown;
- all other cash flow items or positions in respect of which no right or obligation in respect of maturity exists are 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 bank'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 anticipated mismatches between assets and liabilities for both local currency and foreign currency were positive in the shortest time band.

Anticipated liquidity gap (local currency) - All figures in millions

Period	Overnight	1 month	2 months	3 months	4-6 months	7-12 months	13-24 months	> 24 months
Period gap	23,123	(27,113)	(12,505)	10,792	(4,621)	(3,482)	81,049	(27,242)
Cumulative gap	23,123	(3,990)	(16,495)	(5,703)	(10,324)	(13,806)	67,243	40,001

Anticipated liquidity gap (foreign currency) - All figures in millions

Period	Overnight	1 month	2 months	3 months	4-6 months	7-12 months	13-24 months	> 24 months
Period gap	44	(62)	6	6	(10)	(30)	(251)	42
Cumulative gap	44	(18)	(12)	(6)	(16)	(46)	(297)	(255)

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 (local currency)

Cumulative gap as a % of TFLRP*	Overnight	1 month	2 months	3 months	4 - 6 months	7 - 12 months
Dec'10	11.60%	(2.00%)	(8.30%)	(2.90%)	(5.20%)	(6.90%)
Dec'09	33.90%	23.40%	22.00%	26.40%	16.10%	8.30%
Limit	0%	(5%)	(10%)	(10%)	(15%)	(20%)

Cumulative gap as a % of TFLRP (foreign currency)*

Cumulative gap as a % of TFLRP*	Overnight	1 month	2 months	3 months	4 - 6 months	7 - 12 months
Dec'10	10.80%	(4.20%)	(2.90%)	(1.40%)	(3.80%)	(11.20%)
Dec'09	45.30%	67.90%	70.80%	60.50%	54.00%	46.70%
Limit	0%	(5%)	(10%)	(10%)	(15%)	(20%)

* 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. There are no limits for mismatches due to contractually based inflows and outflows.

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. The bank 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, 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, ALM 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.

Financial risk analysis

For the year ended 31 December 2010

Maturities of assets and liabilities - group

31 December 2010	0 - 30 days ₦million	1 - 3 months ₦million	3 - 6 months ₦million	6 - 12 months Nmillion	1 - 5 years ₦million	Over 5 years ₦million	Total ₦million
Asset							
Cash and balances with central bank	8,046	2,002	-	-	-	-	10,048
Treasury bills	1,551	4,044	289	2,820	3,724	-	12,428
Due from other banks	72,042	16,617	-	-	-	-	88,659
Loans and advances to customers	37,591	42,180	11,888	7,534	48,877	15,882	163,952
Advances under finance lease	624	966	436	403	11,057	16	13,502
Investment securities	12,326	74	1,150	1,156	15,044	17,835	47,585
Investment in subsidiaries	-	-	-	-	-	-	-
Deffered tax asset	-	-	-	939	-	-	939
Other assets	3,632	9,014	3,296	234	-	-	16,176
Property and equipment	-	-	-	9,681	8,074	13,497	31,252
Total assets	135,812	74,897	17,059	22,767	86,776	47,230	384,541
Liabilities							
Customer deposits	172,702	8,496	2,290	2,900	77	1	186,466
Due to other banks	45,409	3,796	6,947	-	-	-	56,152
Other borrowings	1,126	220	590	2,142	10,660	3,534	18,272
Other liabilities	2,065	9,536	10,135	12,484	-	-	34,220
Current income tax	-	-	-	4,197	-	-	4,197
Deffered income tax	-	-	-	108	-	-	108
Total liabilities	221,302	22,048	19,962	21,831	10,737	3,535	299,415
Net liquidity gap	(85,490)	52,849	(2,903)	936	76,039	43,695	85,126

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
Asset							
Cash and balances with central bank	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	12,737	29,268	16,295	71,462
Investment in subsidiaries	-	-	-	-	-	1	1
Deffered tax asset	-	-	-	594	-	-	594
Other assets	5,513	1,797	2,198	11,323	3,177	1,558	25,566
Property and equipment	1	1	15	57	17,130	9,674	26,878
Total assets	115,918	61,786	17,051	36,129	74,344	35,262	340,490
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	3,237	1,025	429	34,052
Current income tax	-	-	-	4,508	152	-	4,660
Deferred tax liabilities	-	-	-	100	-	-	100
Total liabilities	174,671	36,094	19,999	8,497	19,303	429	258,993
Net liquidity gap	(58,753)	25,692	(2,948)	27,632	55,041	34,833	81,497

Maturity profile - Off balance sheet - group

31 December 2010	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	1,458	404	113	633	1,500	1,172	5,279
Contingent letters of credits	9,327	-	-	-	-	-	9,327
Forward contracts	254	-	-	-	-	-	254
Total	11,039	404	113	633	1,500	1,172	14,861

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
Guaranteed commerical papers	451	-	-	-	-	-	451
Total	5,123	4,567	4,577	636	1,293	2	16,198

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.

Operational risk

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 BRMC.

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 SBG'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 management practices into its day-to-day business activities.

Governance

The board risk management committee (BRMC), as the delegated risk oversight body on behalf of the board, has the ultimate responsibility for operational risk management. It ensures quality, integrity and reliability of operational risk management across the group.

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 2010 was to conduct a BCM simulation and test its ability of the crisis management team (CMT) 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.

Annual report and financial statements

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.

Risk assurance

The risk assurance (RA) function was established in response to regulatory (i.e. SARB) and business requirements, in order to give assurance on the level of adherence to policies, procedures and processes within the business units. The RA function was part of the operational risk management processes until November 2010.

Effective December 2010, the RA function was merged with Internal Audit in line with the bank's strategic plan to accord the function an independent status.

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.

Legal risk management

As a financial institution, the group remains vigilant of the potential loss that may be suffered as a result of the imposition of a court judgment, loss from a contract that cannot be legally enforced or liability suffered for damages to third parties. To mitigate the occurrence of these incidents, the group has a legal risk unit that works in conjunction with the legal department and which manages legal risk issues.

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.

Compliance risk management

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 BRMC. 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 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.

Conflict of interest and personal account trading

The group is highly committed to conducting business professionally, ethically, with integrity and in accordance with international best practice at all times. In line with its established framework and policy, conflict of interest situations are constantly identified and managed. In the course of the year, over three dozens of investment banking pipelines deals were cleared through SBG's global conflict control room.

In line with its personal account trading policy, personal trades carried out by members of staff on their individual stock holding through the group's stockbroking subsidiary are reviewed regularly to ensure that staff have not traded on the shares of companies that they have material non-public price-sensitive information on by virtue of their jobs.

Furthermore, all the senior management staff members including 131 embargoed and nominated employees were prohibited from trading on the group's shares with effect from 1st December 2010 until the group's annual financial results are formally announced to the public.

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/CFT issues; that records of customers and their transactions are kept for a five-year period as prescribed by law; and that certain threshold transactions are reported on a weekly basis including suspicious transactions.

Key legislations and regulations that govern anti-money laundering are the Money Laundering (Prohibition) Act; Central Bank of Nigeria (CBN) KYC Regulation; various CBN circulars, and the Economic and Financial Crimes Commission (EFCC) Act.

In accordance with the relevant provisions of the Money Laundering (Prohibition) Act, up to date training programmes are organised for the group's employees regularly and over 80% employees of the group (including all customer facing employees) were trained in the course of the year. The trainings are normally carried out in an easy to understand manner that allows members of staff to have a good grasp 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 upgraded in accordance with regulatory requirements in order 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.

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 maintain 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 and profitability.

Capital adequacy ratio, which reflects the capital strength of an entity compared to the minimum regulatory requirements, is monitored daily by the management, essentially employing approaches based on the guideliens 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 ₦25 billion and maintain a minimum of 10% capital adequacy ratio. The required information is filed monthly with the Central Bank of Nigeria (CBN) while the group's auditors are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC).

In line 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 from 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.

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.

Capital management

The table below summarises the composition of regulatory capital and the ratios of the group for the years ended 31 December. During those two years, the individual entities within the group and the group complied with all of the externally imposed capital requirements to which they are subject.

	Group 2010 ₦million	Group 2009 ₦million
Tier 1 capital:		
Share capital	9,375	9,375
Share premium	47,469	47,469
Statutory reserves	13,016	11,566
SMIEIS reserve	1,039	1,039
Capital Reserve	423	423
Retained earnings	12,335	10,608
Total qualifying Tier 1 capital	83,657	80,480
Tier 2 capital:		
Non-controlling interest	1,376	1,017
Revaluation reserve – investment securities	93	-
General provision	1,783	1,160
Total qualifying Tier 2 capital	3,252	2,177
Total regulatory capital	86,909	82,657
Risk-weighted assets:		
On-balance sheet	256,769	210,102
Off-balance sheet	9,995	14,512
Total risk-weighted assets	266,764	224,614
Capital Adequacy Ratio (CAR)	32.58%	36.80%

The decrease in capital adequacy ratio in 2010 is a reflection of the groups growth in risk assest as result of its expanding foot print across the federation. However, despite this decline the group remains well capitalized and the adequacy ratio of 32% remains in the excess of th regulatory requirement of 10%.

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 2010

	2010 Group ₦million	%	2009 Group ₦million	%	2010 Bank ₦million	%	2009 Bank ₦million	%
Gross earnings	56,745		59,781		48,934		52,850	
Interest paid:								
- local	(7,435)		(14,709)		(7,458)		(14,766)	
- foreign	(554)		(1,104)		(554)		(1,104)	
	(7,989)		(15,813)		(8,012)		(15,870)	
Administrative overhead:								
- local	(12,856)		(10,731)		(10,505)		(8,958)	
- foreign	(2,100)		(1,212)		(2,100)		(1,212)	
	(14,956)		(11,943)		(12,605)		(10,170)	
Provision for losses	(620)		(4,858)		(620)		(4,858)	
Value added	33,180	100	27,167	100	27,697	100	21,952	100
Distribution								
Employees & directors								
Salaries and benefits	15,618	47	14,256	53	13,792	50	12,542	57
Government								
Taxation	4,073	12	2,204	8	2,376	9	883	4
The Future								
Asset replacement (depreciation)	4,034		2,569		3,718		2,269	
Expansion (retained in the business)	9,455		8,138		7,811		6,258	
Total	13,489	41	10,707	39	11,529	41	8,527	39
	33,180	100	27,167	100	27,697	100	21,952	100

Annual report and financial statements

Five year financial summary

As at 31 December 2010

	Group 2010 ₦million	Group 2009 ₦million	Group 2008 ₦million	Group 2007 Dec ₦million	Group 2007 Mar ₦million
Assets employed					
Cash and balances with central banks	10,048	7,772	11,587	13,038	10,832
Treasury bills	12,428	11,378	13,101	47,563	13,956
Due from other banks	88,659	76,954	111,593	79,579	46,873
Loans and advances to customers	163,952	110,508	98,398	79,465	36,607
Advances under finance lease	13,502	9,377	4,261	1,989	314
Investment securities	47,585	71,462	79,022	73,708	32,749
Investment in subsidiaries	-	1	1	1	1
Deferred tax assets	939	594	-	-	-
Other assets	16,176	25,566	17,331	10,978	2,860
Goodwill/ intangible asset	-	-	-	-	9,750
Equipment on lease	-	-	-	-	484
Property and equipment	31,252	26,878	15,432	8,662	6,217
	384,541	340,490	350,726	314,983	160,643
Financed by					
Ordinary share capital	9,375	9,375	9,375	9,375	6,250
Reserves	74,375	71,105	71,289	66,188	44,696
Non-controling interest	1,376	1,017	711	455	184
Customer deposits	186,466	169,200	95,262	71,391	68,031
Due to other banks	56,152	38,334	82,202	67,298	5,840
Other borrowings	18,272	12,647	12,201	27,533	5,609
Other liabilities	34,220	34,052	73,487	66,660	27,040
Current income tax	4,197	4,660	5,821	5,641	2,213
Deferred tax liabilities	108	100	378	442	780
	384,541	340,490	350,726	314,983	160,643
Acceptances and guarantees	14,861	16,198	50,861	56,259	5,688

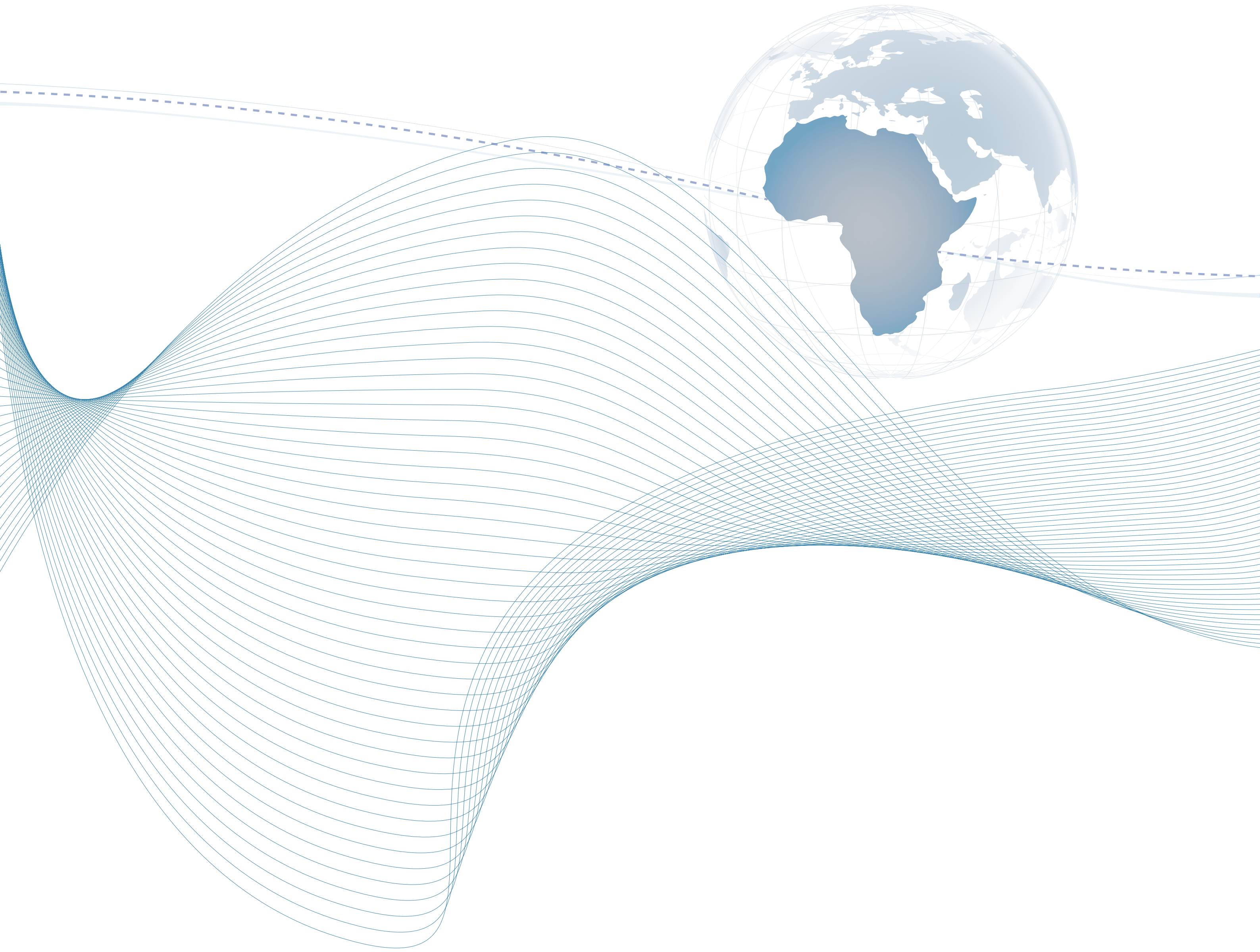
	Bank 2010 ₦million	Bank 2009 ₦million	Bank 2008 ₦million	Bank 2007 Dec ₦million	Bank 2007 Mar ₦million
Assets employed					
Cash and balances with central banks	10,048	7,768	11,441	13,036	10,831
Treasury bills	12,428	11,378	13,101	47,563	13,956
Due from other banks	87,439	75,913	110,159	71,800	46,090
Loans and advances to customers	164,203	110,967	99,010	79,636	35,590
Advances under finance lease	13,502	9,377	4,261	1,989	314
Investment securities	37,689	62,358	73,443	68,831	28,544
Investment in subsidiaries	1,924	1,925	1,819	554	511
Deferred tax assets	939	594	-	-	-
Other assets	13,683	24,453	17,067	12,640	4,723
Goodwill/ intangible asset	-	-	-	-	9,750
Equipment on lease	-	-	-	-	484
Property and equipment	30,757	26,267	14,905	8,345	5,958
	372,612	331,000	345,206	304,394	156,751
Financed by					
Ordinary share capital	9,375	9,375	9,375	9,375	6,250
Reserves	68,184	65,998	67,240	63,047	42,358
Non-controling interest	-	-	-	-	-
Customer deposits	187,595	170,411	98,914	72,455	72,896
Due to other banks	56,152	38,334	82,202	66,852	5,840
Other borrowings	18,272	12,647	12,201	27,533	5,609
Other liabilities	30,983	31,319	71,797	61,468	22,082
Current income tax	2,051	2,916	3,240	3,613	1,334
Deferred tax liabilities	-	-	237	51	382
	372,612	331,000	345,206	304,394	156,751
Acceptances and guarantees	14,861	27,834	50,861	56,259	5,688

Five year financial summary

For the year ended 31 December 2010

	Group 2010 ₦million	Group 2009 ₦million	Group 2008 ₦million	Group 2007 Dec ₦million	Group 2007 Mar ₦million
Profit and loss account					
Net operating income	48,394	43,823	42,495	22,480	15,877
Operating expenses and provisions	(34,866)	(33,481)	(27,870)	(11,488)	(8,442)
Profit/(loss) before tax	13,528	10,342	14,625	10,992	7,435
Taxation	(4,073)	(2,204)	(2,632)	(3,142)	(1,673)
Profit after taxation	9,455	8,138	11,993	7,850	5,762
Non-controlling interest	(653)	(490)	(430)	(265)	(58)
Profit attributable to the group	8,802	7,648	11,563	7,585	5,704
Transfer to reserves	8,802	7,648	11,563	7,585	5,704
Statistical information					
Gross interest margin %	77	61	55	61	58
% Shareholders' funds /total assets	22	24	23	24	27
% Loans and overdrafts/total assets	43	32	28	25	24
% Loans and overdrafts/deposits	88	65	103	111	54
% Provision/Loans and overdrafts	5	10	10	13	19
Earnings per share (EPS) - actual	50 k	43 k	64 k	42 k	46 k
Earnings per share (EPS) - basic	50 k	43 k	64 k	71 k	47 k
Earnings per share (EPS) - adjusted	50 k	43 k	64 k	42 k	31 k
Earnings per share (EPS) - diluted	50 k	43 k	64 k	42 k	46 k
Average number of employees	2,248	2,009	1,659	1,202	931

	Bank 2010 ₦million	Bank 2009 ₦million	Bank 2008 ₦million	Bank 2007 Dec ₦million	Bank 2007 Mar ₦million
Profit and loss account					
Net operating income	40,627	36,835	35,087	18,734	12,991
Operating expenses and provisions	(30,440)	(29,694)	(24,545)	(9,937)	(6,806)
Profit/(loss) before tax	10,187	7,141	10,542	8,797	6,185
Taxation	(2,376)	(883)	(1,328)	(1,855)	(822)
Profit after taxation	7,811	6,258	9,214	6,942	5,363
Non-controlling interest	-	-	-	-	-
Profit attributable to the group	7,811	6,258	9,214	6,942	5,363
Transfer to reserves	7,811	6,258	9,214	6,942	5,363
Statistical information					
Gross interest margin %	76	60	54	61	59
% Shareholders' funds /total assets	21	23	22	24	26
% Loans and overdrafts/total assets	44	33	29	26	24
% Loans and overdrafts/deposits	88	65	100	110	49
% Provision/Loans and overdrafts	5	10	9	13	19
Earnings per share (EPS) - actual	42 k	33 k	49 k	37 k	43 k
Earnings per share (EPS) - basic	42 k	33 k	49 k	63 k	44 k
Earnings per share (EPS) - adjusted	42 k	33 k	49 k	37 k	29 k
Earnings per share (EPS) - diluted	42 k	33 k	49 k	37 k	43 k
Average number of employees	1,948	1,722	1,343	1,071	874



Other Information

Management team

1 **Adesola Adegbesan**
Global markets

2 ***Wole Adeniyi***
Business support

3 ***Aishah Ahmad***
Private client services

4 **Abas Alhassan**
Internal audit

5 **Bimbo Ashiru**
Corporate affairs & corporate social investments

6 **Barene Beard**
Marketing

7 **Fatai Baruwa**
Payment strategy

8 ***Mathys Buitendag***
Business banking

9 ***Eric Fajemisin***
Investment management

10 ***Francois Fourie***
PBB Branch expansion and self service channels

11 **Sola Mahoney**
Financial institutions

12 **Mike McMullen**
Project management office

Management team

13 ***Andrew Mashanda***
Transactional products & services

14 ***Patrick Mgbenwelu***
Project finance

15 **Olumide Oyetan**
Stanbic IBTC Asset Management Limited

16 ***Akeem Oyewale***
Stanbic IBTC Stockbroking Limited

17 **Anne Rinu**
Premises and projects

18 ***Yewande Sadiku***
Investment banking

19 **Babayo Saidu**
Agriculture & sharia banking

20 **Segun Sanni**
Investor services

21 ***Delein Van Schallkwyk***
Operations

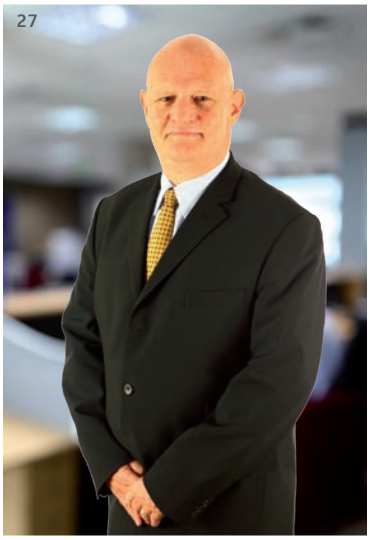
22 ***Alubani Sibanda***
Corporate banking

23 **John Smit**
Personal banking

24 ***Olufemi Solomon***
PBB sales & service support

Other information

Management team



25 ***Louis Lehmann***
Information technology

26 **Dele Sotubo**
Stanbic IBTC
Stockbroking Ltd

27 ***Hentie Stemmet***
Vehicle and asset finance

Branch network

FCT ABUJA REGION

1. Ahmadu Bello Way branch
   Plot 1049, Ahmadu Bello Way
   Area 11, Garki, Abuja

2. Deidei branch
   Deidei-Gwaga road
   Deidei Abuja

3. Edo House branch
   No. 75, Ralph Sodeinde street
   Central Business District
   Garki, Abuja

4. Garki, Area 7 branch
   Plot 593, Area 7, Ringim close
   Abuja

5. Garki Model Market branch
   Plot CBN 2 Ladoke Akintola bvld
   Garki 11, Abuja

6. Kubwa branch
   Plot No. CM71/72 Gado Nasko road
   Kubwa, Abuja

7. Maitama branch
   Plot 2777, Cadastral Zone A6
   Maitama District, Abuja

8. Mararaba branch
   Shop 1A Kwad Shopping Complex
   Mararaba Gurku, Abuja

LAGOS ISLAND REGION

1. Adetokunbo Ademola branch
   No. 76, Adetokunbo Ademola street,
   Victoria Island, Lagos

2. Afribank Street branch
   Churchgate Towers,
   Plot 30, Afribank street
   Victoria Island, Lagos

3. Ajah branch
   Mega Wave Plaza,
   4A Addo roundabout,
   Off Badore road, Ajah,
   Lagos

4. Awolowo Road branch
   No. 85, Awolowo road, Ikoyi
   Lagos

5. Federal Palace Hotel branch
   Ahmadu Bello way
   Victoria Island, Lagos

6. Head office branch
   IBTC Place,
   Walter Carrington Crescent,
   Victoria Island, Lagos

7. Idejo branch
   Plot 1712, Idejo street
   Victoria Island,
   Lagos

8. Idumagbo branch
   No. 16, Idumagbo Avenue
   Lagos

9. Ikota branch
   Shop 167-194, Block 1,
   Ikota Shopping Complex
   Ajah, Lagos

10. Karimu Kotun branch
    Plot 1321B, Karimu Kotun street,
    Victoria Island, Lagos

11. Lekki-Ajah Expressway branch
    Km 18, Lekki-Epe Expressway,
    Agungi, Lekki,
    Lagos

12. Lekki Phase 1 branch
    The Palms Shopping Complex,
    Lekki, Lagos

13. Martins Street branch
    No. 19, Martins Street
    Lagos

14. Muri-Okunola branch
    Plot 226A, Muri Okunola street,
    Victoria Island, Lagos

15. Offin branch
    No. 25, Offin road, Apongbon
    Lagos

16. Oke Arin branch
    120, Alakoro Street, Oke Arin,
    Lagos Island, Lagos

LAGOS MAINLAND REGION-1

1. Alausa branch
   WAPCO Building, Alausa
   Ikeja, Lagos

2. Agege branch
   173, Old Abeokuta motor road,
   Agege, Lagos

3. Allen Avenue branch
   No. 80, Allen Avenue
   Ikeja, Lagos

4. Awolowo Model Market branch
   Shop M1/M48 Awolowo Ultra
   Modern market,
   Mushin, Lago

5. Daleko branch
   Bank road, Daleko market,
   off Isolo road
   Mushin, Lagos

6. Egbeda branch
   38, Shasha road
   Egbeda, Lagos

7. Ikorodu branch
   No. 108, Lagos road
   Ikorodu, Lagos

8. Ketu branch
   463, Ikorodu road
   Ketu, Lagos

9. Murtala Mohammed International
   Airport branch
   Arrival hall, MMIA
   Ikeja, Lagos

10. Oba Akran branch
    No. 20, Oba Akran Avenue
    Ikeja, Lagos

11. Ogba branch
    No. 32, Ijaiye road
    Ogba, Lagos

12. Ojuwoye branch
    No. 214, Agege motor road,
    Ojuwoye, Mushin, Lagos

13. Oko-Oba branch
    Abattoire Market, New Oko Oba
    Agege, Lagos

14. Opebi branch
    No. 43, Opebi road
    Ikeja, Lagos

15. Oshodi branch
    6/8 Brown street, Oshodi market
    Lagos

16. Palms Avenue branch
    103, Ladipo street
    Mushin, Lagos

17. Toyin street branch
    No. 36A, Toyin street
    Ikeja, Lagos

Branch network

LAGOS MAINLAND REGION-2

1. Ajegunle branch
   No. 11, Orodu street
   Ajegunle, Lagos

2. Akoka branch
   No. 100, St. Finbarr's road
   Akoka, Lagos state

3. Alaba branch
   H48/H49,
   Alaba international market
   Ojo, Lagos

4. Balogun Business Association branch
   Executive plaza, No.12, BBA market,
   Trade fair complex
   Badagry, Lagos

5. Ejigbo branch
   Isolo ikotun road
   Ejigbo, Lagos

6. Festac branch
   Gacoun shopping plaza,
   23 road, off 2nd avenue
   Festac town, Lagos

7. Herbert Macaulay branch
   No. 220, Herbert Macaulay way
   Yaba, Lagos

8. Igando branch
   No. 51, Lasu-Iba road
   Igando, Lagos

9. Gbaja market branch
   No. 12, Gbaja market
   Surulere, Lagos

10. Lawanson branch
    35, Lawanson road
    Lawanson, Lagos

11. Nigeria Ports Authority branch
    Account block, NPA
    Wharf road, Apapa, Lagos

12. Oyingbo branch
    7, Coates street, Ebute metta,
    Oyingbo, Lagos

13. Surulere branch
    No. 39, Adeniran ogunsanya street
    Surulere, Lagos

14. Tejuosho branch
    No. 77, Ojuelegba road
    Yaba, Lagos

15. Tin can branch
    Suite 7 & 27, container complex
    Lagos

16. Trade fair branch
    International trade fair complex,
    ASPAMDA plaza
    Alaba, Lagos

17. Warehouse road branch
    No. 10/12, Warehouse road
    Apapa, Lagos

18. Yinka folawiyo branch
    No. 38, warehouse road,
    Folawiyo plaza
    Apapa, Lagos

NORTH CENTRAL REGION

1. Gboko branch
   Along Captain Downs street
   Gboko, Benue State

2. Illorin branch
   11, Unity road (Amosun House),
   Illorin, Kwara state

3. Jos branch
   No.34, Ahmadu Bello way
   Jos, Plateau state

4. Kontagora branch
   Lagos-Kaduna road
   Kontagora
   Niger State

5. Lokoja branch
   IBB Way, Opposite new Specialist
   Hospital
   Lokoja, Kogi State

6. Makurdi branch
   No.12, Ali Akilu road
   Makurdi, Benue state

7. Minna branch
   Paiko road, Minna
   Niger State

8. Suleja branch
   Minna road,
   Opposite Forec A Division, Suleja
   Niger State

NORTH EAST REGION

1. Bauchi branch
   No. 16, Yandoka road
   Bauchi state

2. Damaturu branch
   Plot 591A, Njiwaji layout
   Damaturu, Yobe state

3. Gombe branch
   No. 1, Biu road
   Gombe state

4. Maiduguri branch
   No. 38, Baga road
   Maiduguri, Borno State

5. Yola branch
   No. 1, Muhammad Mustapha way,
   Jimeta, Yola, Adamawa State

NORTH WEST REGION

1. Bello road branch
   No. 13, Bello road, Kano
   Kano state

2. Birnin-Kebbi branch
   No. 68, Ahmadu Bello Way
   Birnin-Kebbi, Kebbi state

3. Dutse branch
   Plot 14/15, Sanni Abacha Way
   Dutse, Jigawa state

4. Gusua branch
   No. 10 Sanni Abacha road
   Gusua, Zamfara state

5. Hotoro market branch
   No. 4 Maiduguri road, Kano
   Kano state

6. Jalingo branch
   22, Hammaruwa Way, Jalingo
   Taraba State

7. Kachia road branch
   No. 7A, Kachia road, Kaduna south
   Kaduna state

8. Kaduna branch
   No. 14, Ahmadu Bello Way,
   Kaduna, Kaduna state

9. Kaduna Central Market branch
   No. 001 Bayajida road,
   Central Market, Kaduna North,
   Kaduna state

10. Kasuwa Barci branch
    AH6 Kasuwa Barci, Tundun Wada
    Kaduna, Kaduna state

11. Katsina branch
    No. 175, Kurfi House, IBB Way
    Katsina, Katsina state

12. KSC Bank road branch
    No. 4 Bank Road,
    Kano, Kano state

13. Lafia branch
    Plot 1 Jos road, Lafia
    Nasarawa state

14. PPMC/NNPC branch
    Kaduna Refining and Petrochemical complex
    Sabon Tasha road, Kaduna South
    Kaduna state

15. Sabon Gari branch
    No. 4A, Galadinma road, Sabon Gari,
    Kano, Kano state

16. Sabon Tasha branch
    No. 32, Kachia road, Sabon Tasha
    Kaduna, Kaduna state

17. Samaru branch
    2 Sokoto road, Samaru
    Zaria, Kaduna state

18. Shauchi branch
    1, Rimi Quarters, Umma Bayero road
    Kano, Kano state

19. Sokoto branch
    No. 8, Maiduguri road
    Sokoto, Sokoto state

20. Zaria branch
    No. 9, Kaduna road
    Zaria, Kaduna state

21. Zaria City branch
    No. 90 Anguwan,
    Mallam Sule Kasuwa
    Zaria, Kaduns State

SOUTH-EAST REGION

1. Aba Main branch
   No. 7, Aba-Owerri road
   Abia state

2. Aba Market branch
   No. 7, Duru Street, off Cemetry road
   Aba, Abia state

3. Ariaria Market branch
   189 Faulks road, Ariaria market,
   Aba, Abia state

4. Awka branch
   No. 49, Zik avenue
   Awka, Anambra state

5. Enugu branch
   No. 252, Ogui Road
   Enugu, Enugu state

6. Head-bridge branch
   No. 56, Port Harcourt road,
   Onitsha, Anambra state

7. Onitsha branch
   No. 13, Bright street
   Onitsha, Anambra state

8. Owerri branch
   No. 8, Wetheral road
   Owerri, Imo state

Branch network

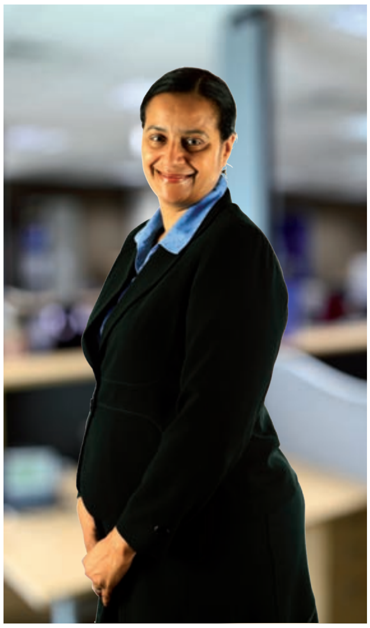
SOUTH-SOUTH REGION

1. Asaba branch
   No. 206, Nnebisi street
   Asaba, Delta state
2. Benin branch
   No. 71, Akpakpava street
   Benin, Edo state
3. Calabar branch
   No. 71, Ndidem Isong road
   Calabar, Cross River state
4. Eleme Petrochemical branch
   EPCL Complex
   Port Harcourt, Rivers state
5. Ikom branch
   28, Calabar road
   Ikom, Cross River state
6. Olu Obasanjo branch
   No. 133A, Olu Obasanjo road
   Port Harcourt, Rivers state
7. Olu Obasanjo road branch
   No. 58, Olu Obasanjo Road
   Port Harcourt, Rivers state
8. Port Harcourt Airport branch
   International Airport, Port Harcourt
   Rivers state
9. Sapele road branch
   No. 131A Sapele road
   Benin, Edo state
10. Trans Amadi branch
    No. 7, Trans Amadi road,
    Port Harcourt, Rivers state
11. Uyo Branch
    No. 5B, Nwaniba road
    Uyo, Akwa Ibom state
12. New Benin branch
    136, Upper Mission road,
    New Benin market
    Benin, Edo state
13. Warri branch
    84, Warri-Sapele road
    Warri, Delta state
14. WATT Market branch
    CITA House Complex,
    54 Bedwell street
    Calabar, Cross River state
15. Yenagoa branch
    No. 623, Mbiama-Yenagoa road
    Yenagoa, Bayelsa state

SOUTH WEST REGION

1. Abeokuta branch
   No. 2A, Lantoro road, Isale-Ake,
   Abeokuta, Ogun state
2. Ado –Ekiti branch
   Ado/Iyin express (old secretariat) rd
   Ado- Ekiti, Ekiti state
3. Agbara branch
   Agbara Estate Shopping Mall
   Agbara, Ogun state
4. Agodi Gate branch
   Inaolaji Business Complex
   Agodi Gate, Ibadan
   Oyo state
5. Akure branch
   Great Nigerian Insurance House
   Owo/Ado Ekiti road
   Akure, Ondo State
6. Aleshinloye branch
   Shop 37-39, Nigerian Army Post
   Service Housing Scheme, Phase 2
   Eleyele road, Ibadan
   Oyo state
7. Apata branch
   Abeokuta-Ibadan road
   Apata, Ibadan
   Oyo state
8. Bodija market branch
   Trans Wonderland,
   Opposite Bodija market
   Secretariat road, Bodija
   Ibadan, Oyo state
9. Gbagi branch
   No. 15, Jimoh Odutola street
   Ogunpa/Dugbe
   Ibadan, Oyo state
10. Ibadan Main branch
    UCH/Secretariat road
    Total Garden, Ibadan
    Oyo state
11. Ife branch
    No. 5 Obalofun Lagere road
    Lagere junction, Ile–Ife
    Osun state
12. Ijebu-Ode branch
    58 Ibadan road,
    Ijebu-Ode, Ogun state
13. Ilesha branch
    A198 Oshogbo road,
    Ishokun, Ilesha
    Osun state
14. Iwo road branch
    32 Iwo road, (beside Tantalizers)
    Ibadan, Oyo state
15. Iyana Church branch
    Ibitola Plaza, Iyana Church
    Ibadan, Oyo state
16. Mokola branch
    No. 18B, Oyo road,
    Mokola, Ibadan
    Oyo state
17. New Gbagi Market branch
    Bashmur & Ayimur Plaza
    Old Ife road, Gbagi,
    Ibadan, Oyo state
18. Orita Challenge branch
    No 127 Orita challenge
    Ibadan, Oyo state
19. Oshogbo branch
    No. 201, Gbogan/Ibadan road
    Oshogbo, Osun state
20. Oyo Town branch
    Oyo- Ogbomosho road, beside Oyo
    East Local Government Secretariat
    Oyo Town, Oyo state
21. Ring road branch
    18, Moshood Abiola Way,
    Ring road, Ibadan
    Oyo state
22. Sagamu branch
    167, Akarigbo street
    Sagamu, Ogun state
23. Saki branch
    Sango-Ajegunle road (beside Saki
    West Local Government secretariat)
    Saki, Oyo state
24. Sango-Otta branch
    No. 101, Idi-iroko/Otta road
    Sango –Otta, Ogun state
25. Sapon branch
    House 42a, Isale Igbehin
    Sapon Abeokuta
    Ogun state

Contact information



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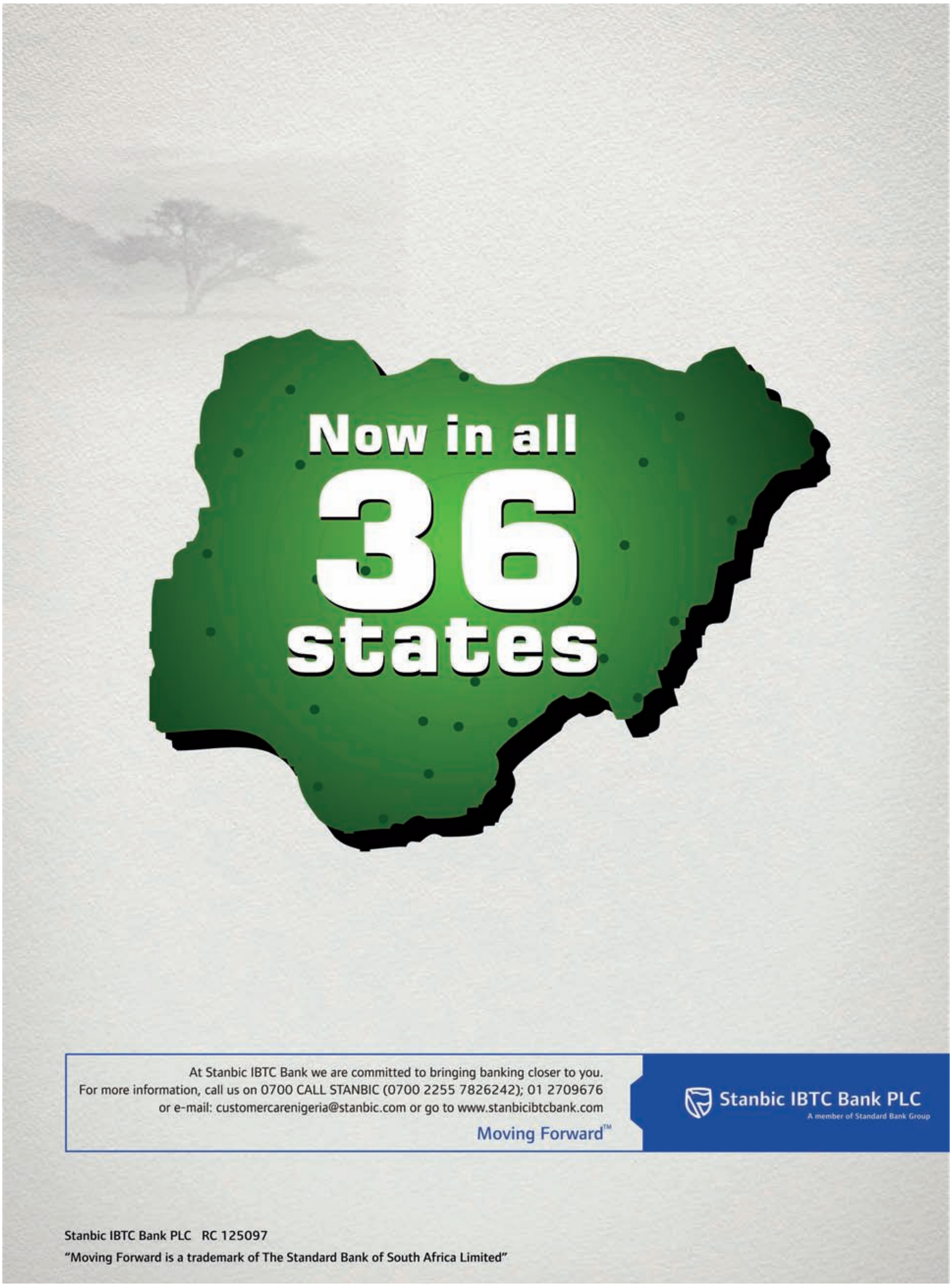
Subsidiaries

Stanbic IBTC Asset Management Ltd.
Stanbic IBTC Ventures Ltd.
Stanbic IBTC Pension Managers Ltd.
Stanbic Nominees (Nigeria) Ltd.
R.B. Resources Ltd. *(deregistered on 26 April 2010)*
Stanbic IBTC Stockbrokers Ltd.
Stanbic IBTC Trustees Ltd.

Overseas correspondent banks

Standard Bank of South Africa
Standard Bank London
Standard Chartered Bank
Citibank
HSBC
ANZ
Deutsche Bank
SEB
UBA NY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Notes

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