

Audited Results for the year ended 31 December 2008

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

Report on the consolidated financial statements

We have audited the financial statements of Stanbic IBTC Bank PLC ("the Bank") and its subsidiaries (together, "the Group") which comprise the consolidated balance sheet as of 31 December 2008 and the consolidated profit and loss account and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these consolidated 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the financial affairs of the bank and the group as of 31 December 2008 and of its profit 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:

- 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;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- the bank's balance sheet and profit and loss account are in agreement with the books of account;
- our examination of loans and advances was carried out in accordance with Prudential Guidelines for licensed Banks issued by the Central Bank of Nigeria;
- related party transactions and balances are disclosed in the financial statements in accordance with Central Bank of Nigeria circular BSD/1/2004;
- the bank contravened certain sections of the Banks and Other Financial Institutions Act during the year as explained in Note 31 to the financial statement;
- except for the contraventions disclosed in Note 31 to the financial statement, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria during the year.

31 May 2009

Private & Confidential

Chartered Accountants
Lagos, Nigeria



Balance sheet as at 31 December 2008

	12 months ended 31 December 2008		9 months ended 31 December 2007	
	Group N'000	Bank N'000	Group N'000	Bank N'000
ASSETS				
Cash and short term funds	11,586,637	11,440,683	13,037,811	13,035,852
Due from other banks	111,592,259	110,158,503	79,578,685	71,800,274
Short term investments	14,548,809	13,540,991	52,467,959	52,467,959
Loans and advances	98,398,273	99,010,288	79,464,605	79,635,690
Advances under finance leases	4,261,548	4,261,548	1,989,477	1,989,477
Other assets	19,455,342	19,189,336	11,761,803	13,423,728
Long term investments	75,977,624	73,224,722	68,145,092	63,821,968
Fixed assets	15,432,906	14,905,000	8,661,669	8,345,046
	351,253,398	345,731,071	315,107,101	304,519,994
LIABILITIES				
Deposits, current and other accounts	95,240,375	98,891,532	71,390,744	72,455,223
Due to other banks	82,201,637	82,201,637	67,298,123	66,851,937
Tax payable	5,821,429	3,240,391	5,640,502	3,612,948
Other liabilities	74,033,687	72,342,775	66,784,442	61,593,834
Deferred tax	378,467	236,727	441,654	51,107
Long term loans	12,201,358	12,201,358	27,533,212	27,533,212
	269,876,953	269,114,420	239,088,677	232,098,261
EQUITY				
SHARE CAPITAL	9,375,000	9,375,000	9,375,000	9,375,000
RESERVES	71,290,041	67,241,651	66,188,215	63,046,733
SHAREHOLDERS' FUNDS	80,665,041	76,616,651	75,563,215	72,421,733
MINORITY INTEREST	711,404	-	455,209	-
	351,253,398	345,731,071	315,107,101	304,519,994
ACCEPTANCES AND GUARANTEES	50,860,640	50,860,640	56,259,272	56,259,272

Profit and loss account for the year ended 31 December 2008

	12 months ended 31 December 2008		9 months ended 31 December 2007	
	Group N'000	Bank N'000	Group N'000	Bank N'000
GROSS EARNINGS				
PROFIT BEFORE TAX	14,626,895	10,542,681	10,992,128	8,796,404
TAXATION	(2,632,465)	(1,327,879)	(3,142,280)	(1,854,639)
PROFIT AFTER TAX	11,994,430	9,214,802	7,849,848	6,941,765
MINORITY INTEREST	(430,279)	-	(265,024)	-
PROFIT AFTER TAX AND MINORITY INTEREST	11,564,151	9,214,802	7,584,824	6,941,765
APPROPRIATIONS				
TRANSFER TO STATUTORY RESERVE	2,938,672	2,764,441	2,162,399	2,082,530
TRANSFER TO RETAINED EARNINGS	8,625,478	6,450,361	5,422,425	4,859,235

ATEDO N.A. PETERSIDE O O N
(Chairman)

CHRIS NEWSON
(Chief Executive Officer)

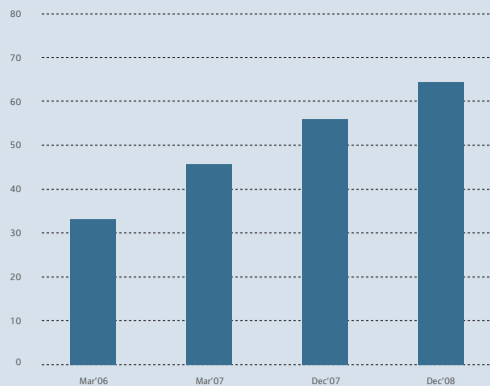
Board of directors

Atedo N.A. Peterside O O N (Chairman), Chris Newson** (Chief Executive Officer), Sola David-Borha (Deputy Chief Executive Officer), Marna Roets* (Executive), Moses Adedoyin, Alewyn Burger*, Mallam A. Dasuki, Ifeoma Esiri, Dr Christopher Kolade C O N, Ben Kruger*, B Mahtani, R. I. Mahtani, John H. Maree*, Yinka Sanni, Sam U. Unuigbo, Lt Gen (Rtd.) M. I. Wushishi C F R G C O N,

* South African
** South African/British

The balance sheet and profit and loss account and specific disclosures are published in compliance with section 27 (1) of BOFIA. The information disclosed have been extracted from the full financial statements of the bank and the group and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the bank and the group as the full financial statements. Copies of the full financial statements can be obtained from the Registrars of the Bank.

Earnings per share (Kobo)



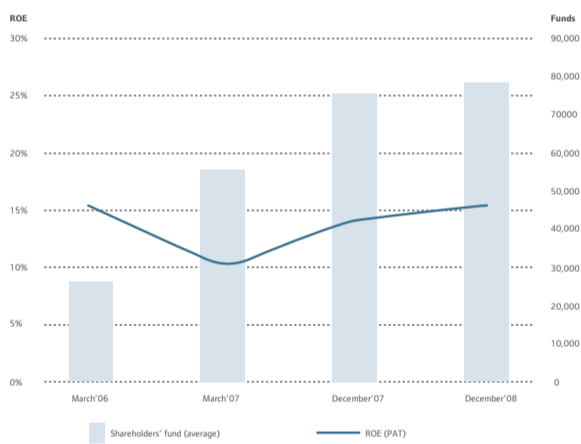
Overview of financial results

For Stanbic IBTC PLC, 2008 was a historic year. We fully integrated the operations of IBTC Chartered Bank and Stanbic Bank Nigeria and restructured the operations into three business units being Corporate and Investment Banking, Personal and Business Banking and Wealth Management.

The group posted strong results in the first half of the year, contrasted by a tougher second half which was characterised by more challenging local and international markets. Profit after tax grew by 52% and the group achieved an after tax return on average equity of 15%. The return on equity reflects a continued philosophy to maximise shareholder returns by engaging in profitable business relationships (quality) without an undue focus on volumes or short term gains while still investing for the future.

The first half of 2008 saw the country sustain strong economic performance alongside a strong naira. However, testing global conditions have since begun to feed through to the local economy through tighter international credit and a softer oil price, which has caused the naira to weaken and will lead to lower fiscal spending in 2009. Nonetheless, with very low external debt levels and strong domestic demand, we believe the economy will remain well positioned to strengthen again if oil prices rise in the second half of 2009.

Despite the tougher trading conditions, the group continued to grow transactional banking and foreign exchange volumes in the second half of the year. However, business segments that derive their revenue primarily from capital market activities, being asset management, stockbroking, corporate finance, due to limited capital raising opportunities, and custody services were adversely affected.



	2008	2007
Return on equity (profit before tax)	19%	19%
Return on equity (profit after tax)	15%	14%

During the year the bank made considerable and necessary investments in people and infrastructure. As part of our focus on talent, we invested in recruiting professional staff and future talent. Furthermore, we concentrated on building the capacity and integrity of our platforms, risk systems and businesses both for today and future growth. Such investment has had a negative, but not unexpected, impact on certain of the banks' efficiency ratios and is set to continue during the coming year.

Key financial highlights

Gross revenue growth	114%
Total loan growth	32%
Deposit growth	33%
Profit after tax growth	52%
Return on equity	15%
Capital adequacy	36%
Long term Fitch rating	AAA(nga)

Profit and loss analysis

Net interest income

Growth in net interest income of 133% was supported by strong growth in all asset classes coupled with wider interest margins due to rising interest rates. Significant growth areas were commercial paper, medium term advances and infrastructure financing to corporate customers. Net interest margin ("NIM") was 6.04% compared to the prior year of 5.79%. The improvement in NIM was largely due to the endowment impact of higher interest rates on shareholder's funds and the growth in transactional deposits in Personal and Business Banking coupled with higher lending rates.

Credit impairment charges

N 000's	Year ended		Change
	31 Dec 2008	Nine months ended 31 Dec 2007	
Specific provisions	4,540,861	1,681,913	170%
General provisions	478,974	361,770	32%
Total	5,019,835	2,043,683	146%

Annualised results (unaudited)

	12 months 2008	12 months 2007	Change (%)
Net operating income	42,629,214	29,696,169	44%
Operating expenses	(22,982,484)	(13,713,717)	68%
Provision for losses	(5,019,835)	(4,098,705)	22%
Profit before tax	14,626,895	11,883,747	23%
Taxation	(2,632,465)	(3,179,204)	-17%
Profit after tax	11,994,430	8,704,543	38%
Minority interest	(430,279)	(265,024)	62%
Profit after tax and minority interest	11,564,151	8,439,519	37%

The 146% increase in credit impairment charges is due to our continued prudent provisioning policy in light of deteriorating economic conditions. As a function of the depreciating currency, rapid fall in oil prices and general predictions for slower growth in Nigeria, we have taken a prudent stance in classifying potential exposures in sectors that are likely to be affected; coupled with additional provisioning in respect of margin facilities as a consequence of declining share prices. A ₦1.6billion loan loss provision specifically for margin facilities was raised during the year. Consequently the credit loss ratio deteriorated from 2.5% to 5.1%. The group has not modified its provisioning policy and continues to impair assets using the same principles it used in the previous years.

The group's gross exposure to margin loans continues to be prudently managed, and as at 31 December 2008 the gross margin lending book at ₦8.3billion is 8% of the gross loan book.

Non-interest revenue

Net fees and commission increased significantly by 65%. Strong growth in fee income was experienced in all major product categories supported by strong investment banking flows, significant volume increases within our asset management and stockbroking businesses and growth in transactional banking volumes.

Trading revenue grew significantly by 107%. An excellent trading performance was achieved in foreign exchange and debt capital markets. Foreign exchange trading revenue improved significantly on the back of increased customer flows, the repatriation of investments by foreign investors in response to the global financial crisis and increased volatility. Debt capital market trading posted strong results in the first half of the year but this was not sustained in the second half of the year due to reduced liquidity and investment flows in the market, both locally and offshore.

Decline in other income by 36% resulted mainly from the non-recurrence of substantial gains from the sale of property and equity investments in the prior period.

Operating expenses

Operating expenses increased significantly by 143%, comprising 124% growth in staff costs and 164% in other operating expenses respectively. On an annualised basis operating expenses increased by 68%. The cost-to-income ratio deteriorated from 42% to 54%. This was a year in which the two legacy banks integrated their systems, operations and brands and therefore incurred significant one-off expenses. Excluding the effect of non-recurring integration costs incurred in 2008, operating expenses grew by 106% and the cost to income ratio was 48%.

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

- IT infrastructure
- IT systems
- Branch network

In addition, in order to improve our service offering and delivery especially in the Personal and Business Banking market, the staff headcount increased by 61% to 1933. The investment is starting to bear fruit as customer numbers, transactional volumes and service levels are all increasing.

Balance sheet analysis

The loans and advances book grew by 32% to ₦211billion, comprising a 40% growth in loans and advance to banks and a 24% increase in net loans and advances to customers from ₦79billion to ₦98billion despite a significant decrease in margin facilities during the period under review. The increase in customer loans and advances is primarily attributable to increased utilisation by corporate clients and sign-on of new clients. Corporate loans and advances grew by 54% on the back of increased overdrafts, term lending and commercial paper. Significant projects financed in 2008 include the Lekki-Epe Expressway.

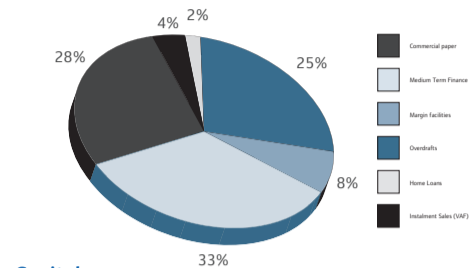
Personal and Business Banking loans and advances declined by 20% largely due to a deliberate slow down of margin lending from March 2008, coupled with a further reduction from July 2008 in light of the declining capital market. The decision to restrict this type of facility was informed by internal concentration guidelines and a reduced risk appetite for this type of product, stemming partly as a function of the falling equity markets across the globe and in Nigeria, resulted in a gradual reduction in our exposure to margin facilities from the first quarter of 2008. Mortgage lending and overdraft balances increased significantly but was fully offset by the reduction of margin facilities.

Non-performing loans (NPL) increased by 39% to ₦15.5billion which represents 14% of the gross loan book an increase from 12% in 2007. The marginal increase is a reflection of the increased inherent risk partly offset by our comprehensive risk management framework and prudent provisioning policies. The group continues to hold adequate credit provision. Provision adequacy after taking into account the net present value (NPV) of security held stands at 188%.

	N millions				
	NPL Balance (Net of IIS)	Security value (NPV)	Net NPL	Provision	Provision adequacy
Margin lending	2,989	2,289	700	1,672	239%
Other balances	11,288	6,968	4,320	7,759	180%
Total	14,277	9,257	5,020	9,431	188%

Total deposits and current accounts increased by 33% to ₦95billion. Customer liabilities increased following the growth in our demand deposit customer base and increased term funding as we continued to structure products and facilities to attract term funding from a very competitive market.

Composition of gross loans and advances



Capital

Total shareholder funds grew by 7% to ₦81billion on the back of a solid financial performance in 2008. The bank continues to be well capitalised. Regulatory capital increased by 4% from ₦73billion to ₦76billion during the period under review. Capital adequacy at 31 December 2008 was 36% against a regulatory requirement of 10%.

	2008	2007	Growth
Tier I capital	74,797,845	72,609,197	4%
Tier II capital	1,003,733	511,853	96%
Total qualifying capital	75,801,578	73,121,050	4%
Risk weighted assets	210,561,983	180,673,670	28%
Capital adequacy			
Tier I	36%	40%	
Total	36%	40%	

Proposed dividend

The board of directors has proposed a dividend of 40kobo per share, amounting to ₦7,500,000,000 for the 12 months ended 31 December 2008 on the issued share capital of 18.75billion ordinary shares, subject to the approval by the shareholders at the next annual general meeting. This represents an increase of 60% over the dividend paid for the period ended 31 December 2007 of 25kobo per share on the issued share capital of 18.75billion ordinary shares amounting to ₦4,687,500,000.

Significant accounting policies

Basis of preparation

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

Changes in accounting policies

The accounting policies are consistent with those adopted in the previous year except for:

- The adoption of SAS 26 Business Combinations with an effective date of 1 January 2008 and retrospective application for all transactions subsequent to 1 January 2005. This new standard requires that goodwill arising from an acquisition is not amortized but instead tested for impairment at least annually. The goodwill arising from the acquisition of Chartered Bank and Stanbic Bank Nigeria has been reinstated and tested for impairment in accordance with the new standard. The goodwill arising from the purchase of both Chartered Bank and Stanbic Bank Nigeria has been found to fully impaired.

Annualised results (unaudited)

The group's consolidated financial statements are prepared in accordance with, and comply with generally accepted accounting practice (GAAP) as issued by the Nigerian Accounting Standards Board (NASB). However to allow for effective comparison annualised results have been prepared to take into account the changes the company has undergone in the recent past.

Following the successful completion of the merger arrangement between IBTC Chartered Bank and Stanbic Bank Nigeria in September 2007, the group changed its accounting year to 31 December with effect from the 2007 year end. This resulted in financial statements for 2007 being prepared for a nine month period. To allow for effective comparison the 2007 financial results shown above have been annualised. The annualised results were arrived at by summing the published results for the 9 month period ended 31 December 2007 with the group's published results for the quarter ended 31 March 2007.

Prospects

The outlook for global economic growth deteriorated significantly in the latter part of 2008 and early part of 2009. Dislocations in developed financial markets have inevitably had a knock-on effect in developing markets and Nigeria has not been immune thereto, particularly given the importance of oil revenues. Growth rates are expected to slow in 2009. Trading conditions will continue to be tough, largely impacting our businesses that are directly or indirectly dependent on the capital market, at the same time the market is expected to remain extremely competitive. These operating conditions will create both risks and opportunities across the group's diverse financial services operations. The board is confident that with our skilled and passionate people and highly disciplined approach to risk management, the group is well positioned. Our focus will however remain on prudent risk management and the preservation of liquidity and capital.