

RESULTS FIRST LOOK

Tuesday, 23 September 2025

Stanbic IBTC Holdings**Funded income growth supports bottom line expansion****Stock Rating:** HOLD**Price Target:** N106.77**Price (23 September 2025):** N98.00**Potential Upside (Downside):** +9.00%**Ticker:** STANBIC NL (Bloomberg)

Stanbic IBTC Holdings (**STANBIC**) reported a strong top-line performance in H1 2025, with gross earnings expanding by 34.4% y/y benefiting from robust growth in funded income. Interest income expanded by 56.3% y/y to N384.8bn (H1 2024: N246.1bn), reflecting stronger asset yields (+50bps to 17.6% y/y) and balance sheet expansion (+17.5% year-to-date), particularly from increased securities holdings which rose by 28.5% year-to-date to N2.15trn. At the same time, the bank managed funding costs more efficiently, with cost of funds improving to 3.4% (vs. 4.3% in H1 2024). This drove a 4.3% y/y reduction in interest expense to N68.8bn, despite a 12.0% increase in interest bearing liabilities. Consequently, net interest income rose by 81.3% y/y to N316.0bn, pushing net interest margin up 235bps to 14.5%. Non-interest income presented a mixed picture in the period. Fees and commissions grew 37.8% y/y to N114.3bn, supported by higher foreign currency service fees, stronger asset management contributions, and advisory fees. However, trading revenues swung to a net loss of N856mn (vs. N39.7bn gain in H1 2024), as naira stability curbed FX revaluation and fixed income trading activity gains. Other income also declined by 31.8% y/y to N4.5bn, partly due to one-off items recognized in the prior year. Overall, the contribution of non-funded income to gross earnings weakened considerably, leaving funded income as the main driver of growth.

For the rest of 2025, we expect earnings growth to remain anchored on funded income, supported by balance sheet expansion, increased securities holdings, and an improved cost of funds. Fee and commission income is also expected to remain resilient, driven by asset management and advisory fees as well as an increase in customer deposits. However, trading income is expected to stay weak in the absence of FX volatility. We project gross earnings will reach between N816.0bn – N901.2bn by the FY 2025.

On the cost front, operating expenses increased by 37.9% y/y to N179.1bn, reflecting higher personnel expenses, and general inflationary pressures across operations. Nonetheless, strong revenue growth provided an efficiency cushion, as the cost-to-income ratio improved to 41.1% (H1 2024: 42.7%). Importantly, impairment charges fell by 58.2% y/y to N11.1bn (H1 2024: N26.5bn), reflecting better recoveries and cautious loan growth. This sharp drop translated to a decline in cost of risk to 0.9% (H1 2024: 2.4%). As a result of these dynamics, pre-provision operating profit rose 46.8% y/y to N254.8bn, while pre-tax profit surged 65.8% y/y to N243.7bn. The higher tax burden (+129.4% y/y to N70.3bn) partly offset some of this earnings momentum, but net profit still grew 49.7% y/y to N171.4bn (H1 2024: N114.5bn). This performance translated into an improvement in return ratios, with ROAE rising to 43.4% (H1 2024: 42.6%) and ROAA improving to 4.6% (H1 2024: 4.1%).

Operating expenses are projected to rise moderately, driven by persistent inflationary pressures, regulatory levies, and higher personnel costs, while impairment charges may edge up slightly in line with the uptick in the NPL ratio to 5.8%. Taking these factors into account, we forecast FY 2025 net profit to come in within the range of N243.6bn to N269.3bn.

Interim Dividend

In line with its earnings performance, the Group declared an interim dividend of N2.50 per share (vs. N2.00 in H1 2024), representing a 25.0% increase y/y. This payout implies a healthy dividend yield of 2.6% relative to the stock's closing price of N98.00 as of 23 September 2025.

Balance sheet and Asset Quality

On the balance sheet, the Group maintained moderate growth momentum, with total assets expanding 17.5% year-to-date to N8.12trn (FY 2024: N6.91trn). This growth was underpinned by securities (+28.5% year-to-date to N2.15trn) and interbank placements (+221.1% year-to-date to N166.5bn). Customer deposits also grew strongly by 13.9% year-to-date to N3.43trn, reinforcing the Group's solid funding profile. However, net loans contracted marginally by 0.8% year-to-date to N2.33trn, signaling a more restrictive credit risk appetite. Despite this, the NPL ratio increased to 5.8% based on our estimates (H1 2024: 4.2%), moving above the regulatory benchmark of 5.0% and pointing to some asset quality concerns.

Recommendation

We have revised our fair value estimate for the ticker upward to N106.77 (previously N71.50), following adjustments to our blended valuation (FCFE, DDM, and Relative Valuation). This revision implies an upside potential of 9.0% from the stock's closing price of N98.00 as of 23 September 2025, therefore we maintain a HOLD rating on the stock.

STANBIC H1 2025 financial results summary

Income Statement (N'm)	H1 2024	H1 2025	y/y	Q1 2025	Q2 2025	q/q
Interest income	246,126	384,787	56.3%	180,471	204,316	13.2%
Interest expense	(71,830)	(68,773)	-4.3%	(30,581)	(38,192)	24.9%
Net interest income	174,296	316,014	81.3%	149,890	166,124	10.8%
Fees & commissions	82,966	114,307	37.8%	60,287	54,020	-10.4%
Trading revenues	39,652	(856)	-102.2%	(6,974)	6,118	-187.7%
Other income	6,528	4,453	-31.8%	(189)	4,642	2556.1%
Total operating expenses	(129,891)	(179,070)	37.9%	(90,048)	(89,022)	-1.1%
Pre-provision operating profit	173,551	254,848	46.8%	112,966	141,882	25.6%
Loan impairment provisions	(26,549)	(11,104)	-58.2%	3,449	(14,553)	-521.9%
Pre-tax profit	147,002	243,744	65.8%	116,415	127,329	9.4%
Tax	(30,645)	(70,313)	129.4%	(34,353)	(35,960)	4.7%
Minorities	(1,876)	(2,057)	9.6%	(1,026)	(1,031)	0.5%
Net profit	114,481	171,374	49.7%	81,036	90,338	11.5%
EPS (Basic, Naira)	7.20	10.78	49.7%	5.10	5.68	11.5%
DPS (Interim, Naira)	2.00	2.50	25.0%			

Balance Sheet (Naira millions)	FY 2024A	H1 2025	y-t-d
ASSETS			
Net Loans	2,348,378	2,329,226	-0.8%
Gross Loans	2,470,693	2,471,435	0.0%
Interbank	51,854	166,528	221.1%
Securities	1,676,787	2,154,551	28.5%
Interest Earning Assets	4,077,019	4,650,305	14.1%
Total Assets	6,912,433	8,122,531	17.5%
LIABILITIES			
Customer Deposits	3,009,862	3,428,070	13.9%
Interbank Funding	264,134	269,043	1.9%
Long-term Funding	530,286	564,322	6.4%
Interest Bearing Liabilities	3,804,282	4,261,435	12.0%
Total Liabilities	6,264,992	7,171,293	14.5%
Shareholders' equity	647,441	951,238	46.9%

Ratios	H1 2024	H1 2025	y/y
Net Interest Margin	12.1%	14.5%	235bps
Cost of Funds	4.3%	3.4%	-88bps
Cost to Income	42.7%	41.1%	-162bps
Cost of Risk	2.4%	0.9%	-154bps
NPL Ratio	4.2%	5.8%	159bps
ROAE	42.6%	43.4%	75bps
ROAA	4.1%	4.6%	48bps

Source: Company Financials, Bloomberg, Capital IQ, Coronation Research