

STANBIC IBTC HOLDINGS PLC

BLOOMBERG: STANBIC NL

Robust income growth masks funding cost headwinds

Stanbic IBTC Holdings Plc (NGX: STANBIC—TP: N115.27) reported a 69.0% YoY growth in bottom-line in its unaudited FY'25 results. Notably, the results translated to a 38.5% YoY increase in Earnings Per Share (EPS) to N23.68 in FY'25 (FY'24: N17.10), despite the dilutive impact of 2.9 billion units of shares issued in 2025. FY'25 performance was primarily driven by a robust interest income print of N787.1 billion (38.9% YoY growth and c.70.0% of gross earnings). However, funding cost pressures in the second half of the year capped Net-Interest Income (NII) growth to 42.5% YoY.

On core operations, STANBIC effectively leveraged its larger interest-earning asset (IEA) base of N5.4 trillion (+50.5% YoY) and increased asset yield of 17.9% (+5bps) to achieve a 38.9% YoY rise in interest income. Notably, interest from investment securities emerged as the key driver for income amid a 0.4% decline in gross loans. Also, the lion-share (c.66.0%) of the growth in IEA (specifically loans to banks) occurred in Q4'25, resulting in the reported marginal uptick in FY'25 blended asset yield. Net Interest Margin (NIM) saw a slight increase of 2bps YoY to 12.9%, as the cost pressures emanating from the term deposits acquired in Q3 continued into Q4.

Supporting NII, Net-Interest Revenue (NIR) recorded a growth of 31.4% YoY to reach N310.7 billion, owing to brokerage and financial advisory fees (+93.1% YoY), asset management fees (+33.0% YoY) and trading revenue, which grew by 33.7% YoY. Collectively, STANBIC's operating income rose to N895.7 billion (+36.8% YoY), slightly outpacing the 35.3% rise in OPEX and resulting in a Cost-to-Income Ratio (CIR) of 36.8%. Elsewhere on costs, tax expense more than doubled in FY'25, leading to an effective tax rate of 31.0%

Subsequent to the 0.4% YoY decline in gross loans to N2.5 trillion and a 19.2% decrease in Non-performing Loans, NPL ratio improved to 3.4% (FY'24: 4.2%) and dragged Cost of Risk (CoR) lower to 0.8% (FY'24: 3.09%). The moderation in the NPL ratio reflected improving risk management in the Personal and Private Banking segment.

Ultimately, FY'25 performance translated to a higher Return on Average Equity (ROAE) of 4.9% (vs. 3.7% in FY'24) and Return on Average Assets (ROAA) of 42.4% (vs. 38.3% in FY'24).

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FY'25 Earnings Breakdown

N'billion	FY'25	FY'24	YoY	FY'25E	% of FY25E
Gross Earnings	1,097.8	802.9	36.7%	1037.0	105.9%
Interest income	787.1	566.5	38.9%	764.1	103.0%
Interest expense	(202.0)	(156.0)	29.5%	(171.8)	117.6%
Net interest income	585.0	410.5	42.5%	592.4	98.8%
Net impairment charges on financial assets	(14.2)	(99.4)	-85.7%	(14.9)	95.2%
Non-interest income	310.7	236.4	31.4%	272.9	113.9%
Operating Expenses	(329.7)	(243.7)	35.3%	(328.8)	100.3%
Profit before tax	551.8	303.8	81.6%	521.5	105.8%
Income tax expense	(171.0)	(78.5)	117.8%	(156.5)	109.3%
Profit for the period	380.8	225.3	69.0%	365.1	104.3%

Ratio Analysis

Net-interest margin	12.9%	12.7%			
Cost-of-risk (CoR)	0.8%	3.9%			
Cost to income (CIR)	36.8%	37.7%			
ROAA	4.9%	3.7%			
ROAE	42.4%	38.3%			
EPS (N)	6.4	23.7			
P/B	1.6x				
10-yr average P/B	1.6x				

Q4'25 Earnings Breakdown

N'billions	Q4'25	Q4'24	YoY	Q3'25	QoQ
Gross Earnings	312.9	163.1	91.9%	282.2	10.9%
Interest income	202.7	140.7	44.1%	199.5	1.6%
Interest expense	(72.3)	17.9	-503.6%	(60.9)	18.7%
Net interest income	130.4	158.6	-17.8%	138.6	-5.9%
Net impairment charges on financial assets	(2.6)	(40.0)	-93.5%	(0.5)	384.6%
Non-interest income	110.1	22.4	392.1%	82.7	33.2%
Operating Expenses	(80.1)	(60.1)	33.1%	(70.6)	13.4%
Profit before income tax	157.9	80.9	95.3%	150.1	5.2%
Income tax expense	(55.6)	(38.4)	44.7%	(45.0)	23.4%
Profit for the year	102.3	42.4	141.1%	105.0	-2.6%

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