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Stanbic IBTC Bank PLC

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Stanbic IBTC Bank PLC

Ratings Score Snapshot

Issuer Credit Rating
B-/Stable/B
Nigeria National Scale
ngBBB/--/ngA-2

SACP: b → **Support: +3** → **Additional factors: -4**

SACP: b		
Anchor	b	
Business position	Adequate	0
Capital and earnings	Moderate	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: +3	
ALAC support	
GRE support	
Group support	+3
Sovereign support	

Issuer credit rating
B-/Stable/B

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Strategic importance to Standard Bank Group (SBG).	Moderate economic growth prospects in Nigeria in a context of tight U.S. dollar supply.
Ample capital buffers above the regulatory minimum.	High single-obligor concentrations and foreign currency lending, which is a structural risk in the Nigerian banking sector.
	Discretionary debits of cash reserves requirements undermine optimization of the balance sheet.

Stanbic IBTC benefits from resilient earnings supported by well-established corporate banking and wealth management operations and a growing retail franchise. Our view of the stand-alone creditworthiness of Stanbic IBTC Bank PLC as the main operating entity of the Stanbic IBTC subgroup (Stanbic IBTC or the group) reflect its resilient operating performance through prolonged economic setbacks in Nigeria. The corporate and investment banking (CIB) clients and the consumer and high-net-worth-clients segments continue to be the largest revenue and profitability drivers. The group continues to drive revenue growth from its retail transactional banking and lending operations. Corporate loans attract comparatively lower yields than retail loans, but the optimization of low-cost deposits will continue to support net interest margins (NIMs). In addition, the group's earnings also rely on high yielding government securities in a context of higher interest rates in Nigeria. These accounted for 31% of total assets as of Dec. 31, 2021. The Central Bank of Nigeria (CBN) recently raised its benchmark rate by 150 basis points (bps) to 13% in hopes of taming inflationary pressure. We expect digital revenue from retail transactional banking will continue increasing as the take-up and volume of digital transactions continue to rise. The group is also in the process of establishing a financial technology subsidiary that will operate as a payment solution services provider, assisting in diversifying revenue and further strengthening the non-interest revenue stream.

We expect asset quality metrics and capitalization will be resilient in 2022. We forecast that nonperforming loans (NPLs) will remain stable relative to year-end 2021 at about 2% of gross loans over the next 12-18 months. Impairments substantially decreased in 2021 mainly thanks to recoveries on loans previously written off. We expect cost of risk will increase to 40bps in 2022 as loan growth picks up. This is still better than the forecast system average credit losses of 1.2%. We expect the group's risk-adjusted capital (RAC) ratio to remain at 5.0%-5.5% over the next 12-18 months, supported by earnings retention and manageable credit costs 2022.

We don't rate Nigerian banks above the sovereign. Although we consider the Stanbic IBTC subgroup to be strategically important to the SBG, the ratings remain constrained by the sovereign ratings on Nigeria (B-/Stable/B) owing to the effects--direct and indirect--a sovereign stress would have on the bank's operations and creditworthiness. The strategic importance of the subsidiary reflects SBG's strategic emphasis on Africa and the importance of the Stanbic IBTC subgroup within its African operations. Furthermore, the subgroup benefits from risk management support and additional capital and liquidity support from SBG.

Outlook

The outlook is stable and reflects that on Nigeria. We also expect that the bank's capitalization and asset quality will remain stable over the next 12 months.

Downside scenario

We would lower the rating on the bank over the next 12 months if we took a similar action on Nigeria.

Upside scenario

All else being equal, an improvement of Nigeria's sovereign creditworthiness would likely result in a higher rating for the bank.

Key Metrics

Stanbic IBTC Bank PLC Key Ratios And Forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021a**	**2022f**	**2023f**
Growth in operating revenue	3.2	6.6	(14.1)	31.3-38.3	10.0-12.2
Growth in customer loans	21.8	17.8	44.4	18.0-22.0	13.5-16.5
Cost to income ratio	50.6	47.6	61.2	48.7-51.2	48.2-50.7
Return on average common equity	27.3	24.3	14.7	21.8-24.1	20.8-22.9
New loan loss provisions/average customer loans	0.1	1.4	(0.2)	0.4-0.5	0.5-0.5
Gross nonperforming assets/customer loans	3.9	4.0	2.1	1.9-2.1	1.9-2.1

Stanbic IBTC Bank PLC Key Ratios And Forecasts (cont.)

	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021a**	**2022f**	**2023f**
Risk-adjusted capital ratio	6.2	5.8	4.9	4.9-5.1	5.0-5.3

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast.

Anchor: 'b' For Banks Operating Only In Nigeria

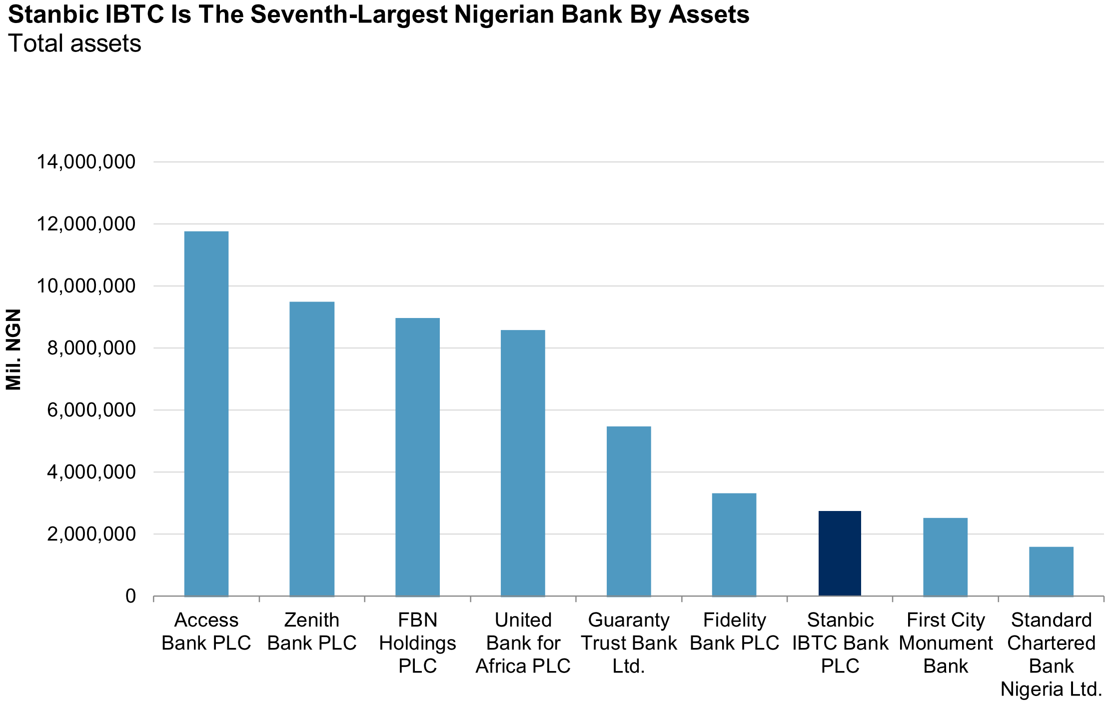
S&P Global Ratings classifies the banking sector of Nigeria in group '10' under its Banking Industry Country Risk Assessment (BICRA). Countries in group '10' include Ukraine, Belarus, Russia, Sri Lanka, and Tunisia. Other peers such as Argentina, Egypt, Kazakhstan, and Azerbaijan are in group '9'. We use our BICRA economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. The anchor for banks operating only in Nigeria is 'b'.

We expect economic setbacks to persist, despite higher oil prices, which we now assume at $100 per barrel (/bbl) for the remainder of 2022 for Brent and $85/bbl in 2023. We expect GDP growth to average 2.6% in 2022-2025 after a 3.9% estimated rebound in 2021. The banking sector is exposed to short credit cycles and high credit risks because of Nigeria's reliance on oil and its sensitivity to currency depreciation and high inflation. This leaves banks vulnerable to asset price shocks and asset quality problems, with material exposure to the oil and gas sector, averaging almost 30%. We expect credit losses will average 1.2% in 2022 while the NPLs ratio will gradually decline toward the 5% regulatory limit by 2023. Despite the relatively moderate economic growth, we expect credit growth will average 18% through 2023 on the back of a growing consumer market and sustained oil prices. The scarcity of foreign currency will continue to constrain corporations' growth prospects, until the Dangote refinery starts operations later in 2022 or in 2023. To spur lending, the CBN penalizes banks reporting a lower ratio by withholding cash reserve requirement (CRR) equivalent to 50% of the lending shortfall.

To tame inflation, the CBN raised its benchmark rate by 150bps to 13% in May 2022. That said, CRR debits by the CBN will continue to constrain banks' NIMs. Banks' cost base will remain on average high because of the Asset Management Corporation of Nigeria (AMCON) levy. The CBN created AMCON in 2010 to help clean up asset quality in the banking system over the 10 years following the 2009 financial crisis, but it remained for a longer period. The levy accounts for about one-third of banks' cost bases. Nigerian banks have been investing in their digital infrastructure for years to meet customers' needs and enhance the resilience of their earnings during economic downturns. All in all, we expect average return on equity (ROE) to be above 18% in 2022. External debt of the banking sector will remain manageable, while U.S. dollar supply remains tight. Most Nigerian banks are largely funded by customer deposits, but lower-tier banks rely on domestic wholesale funding.

Business Position: Fairly Diversified Revenue Streams From The Group's Well Established Wealth Management And Investment Banking Franchises

Chart 1

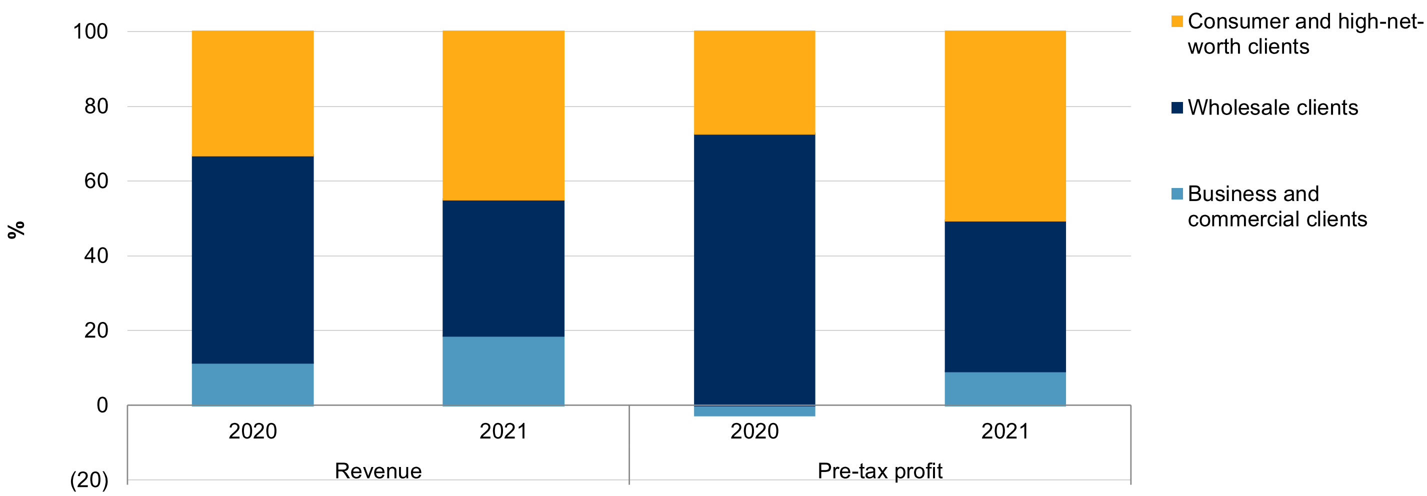


Data as of Dec. 31, 2021. NGN--Nigerian naira. Source: S&P Global Ratings.

Our assessment of Stanbic IBTC's business position balances its modest size against its leading CIB clients and consumer and high net worth clients franchises. It also recognizes the group's growing retail banking operations within a competitive Nigerian banking sector.

Chart 2

The CIB Clients And Consumer And High-Net-Worth Clients Businesses Drive The Group's Revenue And Profit



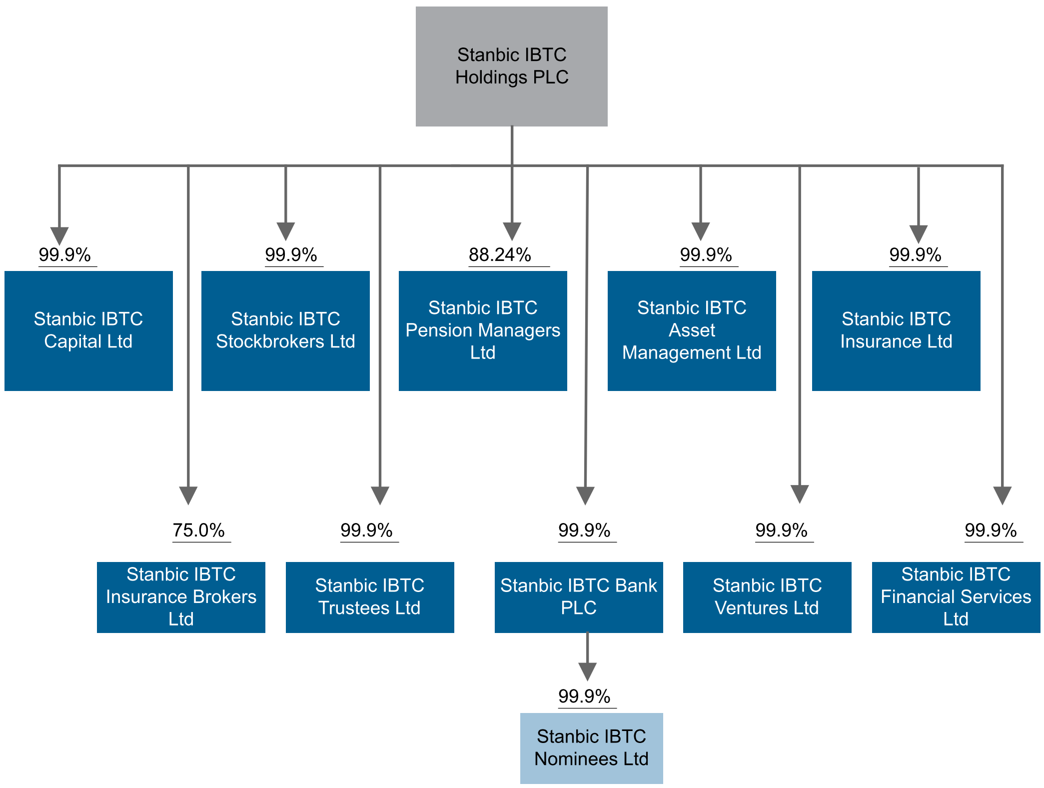
Source: S&P Global Ratings and company financials.

The CIB clients and consumer and high-net-worth clients operations continue to be the group's largest revenue and profitability drivers. In addition, the CIB clients franchise benefits from SBG's business relationships and balance sheet backing. It also collaborates with ICBC, a 20% shareholder in SBG, to facilitate trade flows into Nigeria, as well as the banking requirements of Chinese state-owned enterprises and Chinese nationals operating locally.

The consumer and high-net-worth clients segment is the largest revenue contributor at 46% of total revenue in 2021, mainly supported by the non-interest revenue from the wealth and asset management offering, while the CIB clients segment accounted for 35% of total revenue. The group's 2021 profitability was constrained by lower earning assets yields particularly on securities, lower trading gains, and increased regulatory costs as it grew its balance sheet.

Chart 3

Stanbic IBTC Holdings PLC Group Structure



Source: Company reports.

While the group is diversified, we expect it to continue deriving most of its revenue from the bank in the medium term. Stanbic IBTC's strategy is to be the leading end-to-end financial services provider in Nigeria. Its retail banking operations focusses on low-cost deposits and a stable transactional revenue base, notably through innovation, such as its integrated digital platform, combining bank and nonbank services.

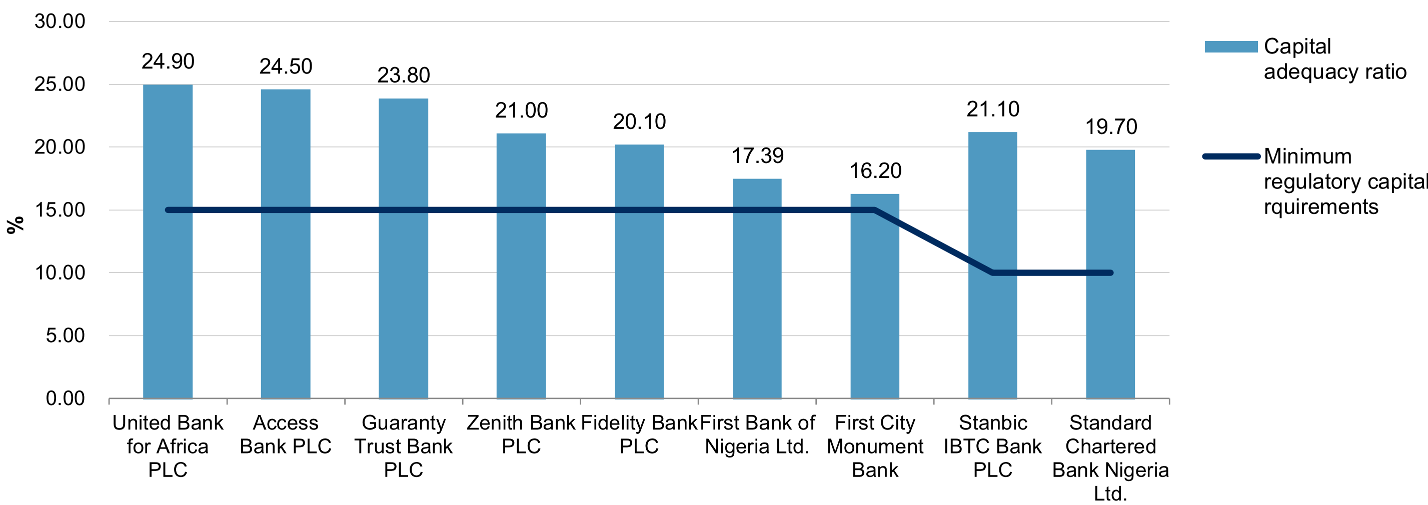
Capital And Earnings: Stable RAC On the Back Of Improving Profitability And Moderate Dividend Payout Ratio

We expect the group's RAC ratio will marginally improve to 5.0%-5.5% over the next 12-18 months, compared with 4.9% at year-end 2021, balancing the growth in earnings retention and risk weighted assets. In our base-case scenario, we assume the following:

- Loan growth of 20% in 2022 and 15% thereafter, reflecting the group's drive to increase loans to top corporate and retail clients at the back of elevated inflation and weak currency.
- An increase in net interest margins to 5% in 2022, reflecting the higher interest rates and increase in retail lending.
- NPLs to remain stable at around 2% over the forecast period.
- Cost of risk at 40bps-60bps.
- Dividend distribution of at least 30% of net income.

Chart 4

Rated Banks' Capital Adequacy Ratios Meet Minimum Regulatory Requirements



Data as of Dec. 31, 2021. Source: S&P Global Ratings.

Stanbic IBTC's capital adequacy ratio (CAR) amounted to 21.1% under Basel II standards as of Dec. 31, 2021. The group remains well capitalized under the Basel III framework with a CAR of 20.6%, against a minimum CAR of 11% which includes a capital conservation buffer of 1% as the bank is licensed to operate only in Nigeria and is not considered a systemically important bank. We believe the quality of capital is good, with Tier 2 debt constituting around 6% of total qualifying capital as of Dec. 31, 2021. Included within Tier 2 capital is U.S. dollar-denominated subordinated debt of US$40 million (Nigerian naira 17 billion), maturing in February 2031, which provides a partial hedge against naira depreciation. Stanbic IBTC maintains a significant capital buffer above the regulatory minimum. The buffer serves to ensure that the group holds sufficient capital to withstand severe losses that could arise under a stress scenario.

We forecast that ROE will increase to about 22% over the next 12-18 months, compared with 15% in 2021. The group's profitability is generally supported by a diversified revenue mix, with more than 50% stemming from non-interest income, of which more than half originates from the consumer and high net worth clients division. We believe that the group will maintain this revenue split as retail banking operations continue growing together with the retail-based banking fee income. However, operating revenue contracted by 14% in 2021 because of lower net interest margin because of lower yields on government securities and corporate loans and the discretionary CRR debits by the central bank. Profitability will recover in 2022 supported by higher NIMs because of the higher interest rates and increased retail lending and growing non-interest income.

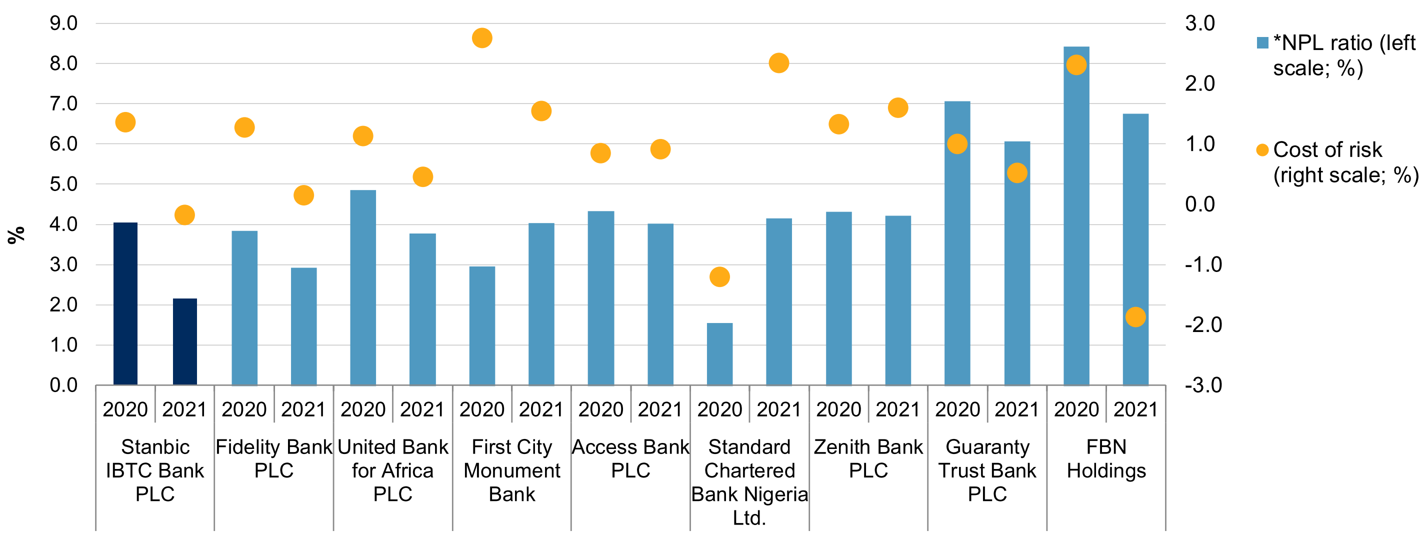
We expect the earnings buffer to improve to 0.6%-0.7% of S&P Global Ratings risk-weighted assets over our forecast period through 2023, from a low 0.13% in 2021 as pre-provision income improves.

Risk Position: Good Asset Quality Metrics Despite Some Concentration Risks

Stanbic IBTC group's asset quality metrics improved in 2021, with the NPL ratio decreasing to 2.15%. We forecast NPLs will stabilize around 2% of gross loans over the next 12-18 months, balancing the higher oil prices and moderate economic growth in Nigeria. At the same time, we estimate cost of risk will stabilize around 40bps-60bps of average total loans over the next 12-18 months. The group maintains good loan-loss reserve coverage of NPLs, which should remain above 100% through our forecast period.

Chart 5

Stanbic IBTC's Asset Quality Compares Well Against Peers', With One Of The Lowest NPL Ratios Among Rated Nigerian Banks



*Adjusted nonperforming assets/customer loans + other real estate owned. Source: S&P Global Ratings.

Like its rated Nigerian peers, the group exhibits high single-obligor concentrations and foreign currency lending in a context of tight U.S dollar supply in Nigeria. The top 20 loans accounted for 45% of total loans at year-end 2021, while the top 20 NPLs represented about 1.3% of total loans during the same period. Foreign currency lending represented 51% of total loans in 2021, marginally higher than the sector average of 45% and these loans are largely extended to customers with revenue in the same currency. The group's exposure to energy transition is high because the share of oil and gas sector loans accounted for about 23% of total loans as of the same date, although this is below the sector average of 30%. Lending opportunities could arise from the oil and gas sector, which we think will benefit from sustained oil prices and higher refining capacity in 2022. We do not expect Stanbic IBTC to materially reduce its share of foreign currency loans because of the importance of the oil and gas sector in the Nigerian economy and the group's play in the trade finance space.

Funding And Liquidity: Growing Funding Base Underpins A Very Low Cost Of Funding

Stanbic IBTC's funding structure has improved and is mostly reliant on customer deposits. Core customer deposits accounted for 61% of the group's funding base in 2021 versus 52% in 2020. As a result, the cost of funds has decreased to 1.7% as of Dec. 31, 2021, from 3.6% in 2018. We think the group also benefits from a strong brand and the expertise available within the broader SBG to drive its corporate and investment banking relationships. It reported a stable funding ratio of 131% on Dec. 31, 2021.

Similar to the sector's funding profile, deposits are short-dated and support low-cost deposits. About 75% of deposits is repayable on demand but these deposits have been stable over time. Similarly, foreign currency deposits have been stable and represented 31% of total deposits as of Dec. 31, 2021.

Depositor concentration remained moderate, with the top 20 depositors equating to 14.6% of total deposits at year-end 2021.

The group maintains a liquid balance sheet. It exhibits one of the lowest levels of loan leverage among rated banks in Nigeria with total net loans to total deposits amounting to 59% as of Dec. 31, 2021. Broad liquid assets covered short-term wholesale funding by 2.4x as of Dec. 31, 2021. The group also has access to foreign currency facilities that ensure stable access to foreign currency liquidity. In 2017, Stanbic IBTC entered a foreign currency revolving facility with Standard Bank of South Africa, to provide up to $50 million. To date, the group has not drawn funds under the agreement.

Support: Uplift For Group Support Constrained By The Low Sovereign Rating

We assess the group's stand-alone credit profile at 'b' and do not add any notch of support because of the lower sovereign rating. However, we continue to view the group as strategically important to its South African parent, SBG. This accounts for SBG's strategic emphasis on Africa and the importance of the Stanbic IBTC subgroup within its African operations. Furthermore, the subgroup benefits from risk management support and additional capital and liquidity from SBG. Consequently, we believe the subgroup, and by extension, the bank, is likely to receive capital and liquidity support, if needed. Stanbic IBTC Holding PLC is a member of SBG, which has a 67.51% equity holding interest through Stanbic Africa Holdings Ltd.

Additional Rating Factors

The 'b' group credit profile is constrained by the long-term foreign currency rating on Nigeria. We do not rate Nigerian banks above the sovereign because of the likely direct and indirect influence of sovereign distress on their operations, including their ability to service foreign currency obligations.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	E-2	E-3	**E-4**	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	G-2	G-3	**G-4**	G-5

Environmental	Social	Governance
- Climate transition risk.	- N/A	- Risk management, culture and oversight - Transparency and reporting.

N/A--Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

Environmental and governance factors are negative considerations in our credit rating analysis of Stanbic IBTC Bank. This reflects the banking system's large direct exposure to the oil and gas sector, with loans to the hydrocarbon sector making up one-third of systemwide loans. This weighs on our assessment of economic resilience and credit risk in the economy under our BICRA methodology. The weak banking regulation and supervision in Nigeria also negatively influences our BICRA institutional framework score.

Key Statistics

Table 1

Stanbic IBTC Group--Key Figures

	--Year-ended Dec. 31--				
(Mil. NGN)	***2022**	**2021**	**2020**	**2019**	**2018**
Adjusted assets	3,095,224	2,738,525	2,481,666	1,871,224	1,662,834
Customer loans (gross)	1,006,723	946,259	655,292	556,383	456,624
Adjusted common equity	383,979	342,731	354,199	271,666	220,944
Operating revenues	55,791	170,777	198,854	186,552	180,742
Noninterest expenses	35,320	104,499	94,680	94,476	94,606
Core earnings	15,080	58,607	84,412	75,515	74,426

*Data as of March 31. NGN--Nigerian naira.

Table 2

Stanbic IBTC Group--Business Position

	--Year-ended Dec. 31--				
(%)	***2022**	**2021**	**2020**	**2019**	**2018**
Total revenues from business line (currency in millions)	55,791.0	171,145.0	198,924.0	186,586.0	180,813.0
Retail banking/total revenues from business line	37.2	9.7	19.4	28.0	27.0
Trading and sales income/total revenues from business line	45.9	36.9	26.2	19.5	17.3
Asset management/total revenues from business line	N/A	36.0	26.2	27.1	26.2
Return on average common equity	15.2	14.7	24.3	27.3	34.5

*Data as of March 31. N/A--Not applicable.

Table 3

Stanbic IBTC Group--Capital And Earnings

	--Year-ended Dec. 31--				
(%)	***2022**	**2021**	**2020**	**2019**	**2018**
Tier 1 capital ratio	18.20	19.30	23.30	22.30	21.90
Net interest income/operating revenues	42.00	44.13	37.32	41.72	43.27
Fee income/operating revenues	38.92	48.53	35.80	37.73	38.64
Market-sensitive income/operating revenues	18.83	7.23	26.66	20.40	17.32
Noninterest expenses/operating revenues	63.31	61.19	47.61	50.64	52.34
Preprovision operating income/average assets	2.80	2.53	4.78	5.20	5.65
Core earnings/average managed assets	2.07	2.24	3.87	4.27	4.88

*Data as of March 31.

Table 4

Stanbic IBTC Group--Risk-Adjusted Capital Framework Data

(Mil. NGN)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	1,565,026.0	0.0	0.0	2,736,863.4	174.9
Of which regional governments and local authorities	848,612.0	0.0	0.0	2,231,425.3	263.0
Institutions and CCPs	106,575.0	0.0	0.0	263,805.0	247.5
Corporate	1,088,669.8	1,224,036.0	112.4	2,699,475.1	248.0
Retail	75,115.2	0.0	0.0	169,009.3	225.0
Of which mortgage	0.0	0.0	0.0	0.0	0.0
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	73,209.6	0.0	0.0	224,135.9	306.2
Total credit risk	2,908,595.6	1,224,036.0	42.1	6,093,288.7	209.5
Credit valuation adjustment					
Total credit valuation adjustment	--	0.0	--	0.0	--
Market risk					
Equity in the banking book	51,385.0	0.0	0.0	368,702.4	717.5
Trading book market risk	--	52,924.0	--	99,232.5	--

Table 4

Stanbic IBTC Group--Risk-Adjusted Capital Framework Data (cont.)					
Total market risk	--	52,924.0	--	467,934.9	--
Operational risk					
Total operational risk	--	348,878.0	--	380,611.8	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	1,625,838.0	--	6,941,835.4	100.0
Total diversification/ Concentration adjustments	--	--	--	2,552,431.0	36.8
RWA after diversification	--	1,625,838.0	--	9,494,266.5	136.8
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		313,615.0	19.3	342,731.0	4.9
Capital ratio after adjustments‡		313,615.0	19.3	342,731.0	3.6

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. NGN--Nigerian naira. Sources: Company data as of Dec. 31, 2021, S&P Global Ratings.

Table 5

Stanbic IBTC Group--Risk Position					
	--Year-ended Dec. 31--				
(%)	***2022**	**2021**	**2020**	**2019**	**2018**
Growth in customer loans	6.39	44.40	17.78	21.85	13.07
New loan loss provisions/average customer loans	0.35	(0.19)	1.35	0.13	(0.68)
Net charge-offs/average customer loans	(0.34)	0.86	0.48	0.54	(0.71)
Gross nonperforming assets/customer loans + other real estate owned	2.21	2.15	4.04	3.88	3.88
Loan loss reserves/gross nonperforming assets	119.40	123.98	113.82	112.34	134.98

*Data as of March 31.

Table 6

Stanbic IBTC Group--Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	***2022**	**2021**	**2020**	**2019**	**2018**
Core deposits/funding base	58.2	61.2	52.1	49.3	68.9
Customer loans (net)/customer deposits	78.5	81.1	70.8	80.8	51.3
Long-term funding ratio	69.3	72.2	68.5	70.2	64.7
Stable funding ratio	128.4	131.0	148.2	139.0	154.4
Short-term wholesale funding/funding base	36.3	33.4	38.4	36.4	42.1
Broad liquid assets/short-term wholesale funding (x)	2.2	2.4	2.3	2.1	2.0
Net broad liquid assets/short-term customer deposits	118.3	55.1	63.6	61.0	53.1

Table 6

Stanbic IBTC Group--Funding And Liquidity (cont.)					
	--Year-ended Dec. 31--				
(%)	*2022	2021	2020	2019	2018
Short-term wholesale funding/total wholesale funding	86.9	86.1	80.3	71.7	135.7

*Data as of March 31.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Nigeria-Based Stanbic IBTC Bank PLC Global And National Scale Ratings Affirmed; Outlook Stable, April 1, 2022
- Nigeria, Feb. 14, 2022
- Nigerian Bank Global Scale Ratings Affirmed Under Revised Criteria; Outlooks Stable, Jan. 20, 2022
- ESG Credit Indicator Report Card: EMEA Banks, Jan. 19, 2022
- Banking Industry Country Risk Assessment: Nigeria, Nov. 30, 2021

Regulatory Disclosures

Regulatory disclosures applicable to the most recent credit rating action can be found at "Research Update: Nigeria-Based Stanbic IBTC Bank PLC Global And National Scale Ratings Affirmed; Outlook Stable," published April 1, 2022, on RatingsDirect.

Glossary

- Adjusted assets: Total assets less nonservicing intangibles.
- Adjusted common equity: Common shareholders' equity plus minority interest, minus dividends (not yet distributed), minus revaluation reserves, minus nonservicing intangibles, minus interest only strips, minus tax-loss carry forwards, minus postretirement benefit adjustments.
- Anchor: The starting point for assigning a bank a long-term rating, based on economic and industry risk.
- Asset quality: A key measure of the quality and performance of the assets of a bank.
- Available stable funding: Core deposits, plus deposits due to banks (net of those that mature within one year), plus other borrowings (net of maturities within one year), plus total equity, minus intangibles.
- Business position: A measure of the strength of a bank's business operations.
- Broad liquid assets: cash (net of restricted cash) and reserves at the central bank, plus other cash and money market, plus bank loans and reverse repos that mature in less than one year, plus total liquid assets.
- Capital and earnings: A measure of a bank's ability to absorb losses.
- Core deposits: Total deposits minus noncore deposits (such as deposits due to banks and certificates of deposits).
- Core earnings over average managed assets: Annualized core earnings, over average assets of current period and last fiscal year.
- Core earnings: Net income before minority interest, minus nonrecurring income, plus nonrecurring expenses, plus/minus tax impact on adjustments, plus amortization/impairment of goodwill/intangibles, minus preferred dividends.
- Cost of funds: Interest expense as a percentage of average interest-bearing liabilities.
- Cost of risk: As a percentage of total loans, the charge for bad and doubtful debts.
- Issuer credit rating: A forward-looking opinion about an obligor's overall creditworthiness.
- Credit losses: Losses arising from credit risk.
- Credit risk: Risk that a borrower will default on its payment obligations.
- Customer loans (gross): Total customer loans before loan loss reserves.
- Customer loans (net) over customer deposits: Gross customer loans net of loan loss reserves, over core deposits.
- Earning capacity: The capacity of a bank to generate sufficient earnings against losses and the primary way that a bank builds or maintains its capitalization.
- ESG credit indicators: ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 =moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Application," published Oct. 13, 2021.
- Funding and liquidity: A combined assessment of the strength and stability of a bank's funding mix and its ability to

manage its liquidity needs in adverse market and economic conditions over an extended period.

- Funding base: Total deposits, plus acceptances, repurchase agreements, and other borrowings (including commercial papers, short- and long-term debt, subordinated debt, and minimal equity content hybrids).
- Gross nonperforming assets over customer loans plus other real estate owned over customer loans: Nonaccrual loans, plus restructured loans, plus repossessed assets plus loans 90-days past due; over gross customer loans plus repossessed assets.
- Loan loss reserves over gross nonperforming assets: General plus specific reserves, over adjusted nonperforming assets (nonaccrual loans plus restructured loans plus repossessed assets plus 90-day past due loans).
- Long-term funding ratio: Available stable funding, over funding base plus total equity, minus intangibles.
- National scale rating: An opinion of an obligor's creditworthiness or overall capacity to meet specific financial obligations, relative to other issuers and issues in a given country or region.
- Net interest income over operating revenues: Net interest income (including net interest income on loans, securities, and other assets), over operating revenues.
- New loan loss provisions over average customer loans: Credit loss provisions (including specific loan provisions and general and other provisions) minus recoveries, over average gross customer loans of current period and last fiscal year.
- Noninterest expenses: Salaries and general administrative expenses (including depreciations and amortizations).
- Operating revenues: Net interest income, plus operating noninterest income (that mainly includes fees and commissions and trading gains).
- Preprovision operating income over average assets: Operating revenues minus noninterest expenses, over average assets.
- Return on equity (ROE): Net income before extraordinary results minus preferred dividends over average common(average between current period and last fiscal period).
- Risk position: Our view of the specific risk characteristics of a particular bank.
- Risk-adjusted capital (RAC) ratio before diversification: This is calculated according to S&P Global Ratings' methodology as total adjusted capital over risk-adjusted assets.
- Short-term wholesale funding: Debt securities that mature in less than one year (of commercial papers, debt and senior and subordinated bonds), plus bank deposits that mature in less than one year.
- Sovereign support: An assessment of the likelihood that the government would provide extraordinary support to a bank.
- Short-term wholesale funding: Debt securities that mature in less than one year (of commercial papers, debt and senior and subordinated bonds), plus bank deposits that mature in less than one year.
- Stable funding needs: Restricted cash and reserves at the central bank, plus interbank deposits, plus loans to banks (net of maturities within one year), plus reverse repurchase agreements, plus gross customer loans net of loan-loss reserves, plus securities, minus total liquid securities, plus equity participations in nonfinancial entities, plus fixed assets, plus other assets (considering foreclosed assets, tax loss carry forwards, and deferred assets).
- Stable funding ratio: Available stable funding over stable funding needs.

- Stand-alone credit profile (SACP): An interim step in assessing a bank's overall creditworthiness. It includes government support, but not extraordinary government support.
- Total adjusted capital (TAC): adjusted common equity plus admissible preferred instruments and hybrids.
- Total wholesale funding: Noncore deposits, plus acceptances, repurchase agreements, other borrowings (including commercial papers, debt and senior and subordinated bonds, minimal equity content hybrids), and total equity, minus minority interest and common shareholders' equity.

Ratings Detail (As Of June 27, 2022)*		
Stanbic IBTC Bank PLC		
Issuer Credit Rating		B-/Stable/B
Nigeria National Scale		ngBBB/--/ngA-2
Issuer Credit Ratings History		
31-Mar-2020		B-/Stable/B
03-Mar-2020		B/Negative/B
22-Sep-2016		B/Stable/B
31-Mar-2020	*Nigeria National Scale*	ngBBB/--/ngA-2
03-Mar-2020		ngA-/--/ngA-2
02-Jul-2018		ngA/--/ngA-1
Sovereign Rating		
Nigeria		B-/Stable/B
Nigeria National Scale		ngBBB/--/ngA-2
Related Entities		
Liberty Group Ltd.		
Issuer Credit Rating		
South Africa National Scale		zaAAA/--/zaA-1+
Subordinated		
South Africa National Scale		zaA+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.