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Stanbic IBTC Bank PLC

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Table Of Contents

Table Of Contents (cont.)

Stanbic IBTC Bank PLC

Rating 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	Constrained	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: +3	
ALAC support	0
GRE support	0
Group support	+3
Sovereign support	0

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).	Prolonged period of economic challenges in Nigeria in a context of tight U.S. dollar supply.
Ample capital buffers above the regulatory minimum.	Challenging operating environment amid regulatory headwinds.
	High single-obligor concentrations and foreign currency lending, which is a structural risk in the Nigerian banking sector.

Stanbic IBTC Bank PLC's (Stanbic IBTC's) group earnings benefit from a strong corporate and investment (CIB) banking and consumer and high-net worth (CHNW) nonbank franchise, and growing consumer and high-net-worth bank and business and commercial clients (BCC) businesses. S&P Global Ratings' view of the 'b' stand-alone credit profile (SACP) of Stanbic IBTC Bank as the main operating entity of the Stanbic IBTC Holdings PLC subgroup reflects its resilient operating performance through a prolonged period of economic challenges and its solid local franchise that benefits from being part of the wider Standard Bank Group (SBG). The CIB and CHNW-nonbank operations are the largest revenue and profitability drivers against the relatively small but growing CHNW-bank and BCC franchises. The yield on retail exposures will help balance the relatively lower yields from high-rated corporate loans and government securities, and gathering non-interest-bearing retail deposits helps lower the cost of funds. We expect digital revenue from retail transactional banking to continue increasing as the take-up and volume of digital transactions also steadily rises. The group has also established a financial technology subsidiary that will operate as a payment solution services provider, assisting in diversifying revenue in the future and strengthening the noninterest revenue stream.

We expect our risk-adjusted capital (RAC) ratio to moderate further, balancing the effects of naira depreciation and good earnings capacity. Foreign currency loans account for about 49% of gross loans, which will lead to an increase in risk-weighted assets because of the naira's depreciation. We therefore expect our RAC ratio to moderate further to 3.9% in 2023 from 4.4% in 2022. Yet this remains neutral to our view of Stanbic IBTC's SACP. The bank's U.S. dollar-denominated Tier II capital of $40 million provides a partial hedge against a naira depreciation. Stanbic IBTC operates with comfortable capital buffers (on average 1,000 basis points (bps) above the minimum requirement) and its common equity Tier 1 ratio was 20% at year-end 2022. This provides sufficient buffer against currency risk. The group's return on equity (ROE) improved to 20.4% in 2022 compared with about 15% in 2021. We expect ROE to average about 24% through 2025, supported by growth in net interest income, because of the rising interest rate environment and growth in nonfunded income, particularly from the CHNW-nonbank business segments.

We expect asset quality metrics to remain fairly stable in 2023. In our view, the nonperforming loan (NPL) ratio will remain stable at 2.4% of gross loans over the next 12-18 months. This reflects the impact of the larger denominator because of the currency depreciation. NPLs will likely increase by about 40% because of higher rates and inflation. Similarly, we expect the cost of risk will increase to 1.0% in 2023. This is below the forecast sector average credit losses of 2%. Stanbic IBTC Bank has better asset quality metrics than most peers, reflecting the group's prudent underwriting and risk management standards.

We consider Stanbic IBTC to be strategically important to the wider SBG. This view stems from SBG's strategic emphasis on Africa and the importance of Stanbic IBTC within its African operations. Furthermore, the bank benefits from risk management support and additional capital and liquidity from SBG's South African operations. The ratings on Stanbic IBTC Bank remain constrained by the sovereign credit ratings on Nigeria, owing to the direct and indirect effects a sovereign stress would have on the bank's operations and creditworthiness.

Outlook

The stable outlook on Stanbic IBTC reflects that on Nigeria.

Downside scenario

We would take a negative rating action on the bank if we took a similar action on Nigeria.

Upside scenario

We would take a positive rating action on Stanbic IBTC over the next 12 months if we took a similar action on the sovereign, all else being equal.

Key Metrics

Stanbic IBTC Bank PLC--Key ratios and forecasts					
	--Fiscal year ended Dec. 31--				
(%)	**2020a**	**2021a**	**2022a**	**2023f**	**2024f**
Growth in operating revenue	6.6	-14.1	40.1	24.3-29.7	8.0-9.7
Growth in customer loans	17.8	44.4	30.9	31.5-38.5	13.5-16.5
Net interest income/average earning assets (NIM)	4.8	4	5.2	5.8-6.5	5.8-6.4
Cost to income ratio	47.6	61.2	53.7	47.8-50.2	49.6-52.2
Return on average common equity	24.3	14.7	20.4	24.2-26.7	21.9-24.2
New loan loss provisions/average customer loans	1.4	-0.2	0.9	0.9-1.0	0.8-0.9
Gross nonperforming assets/customer loans	4	2.1	2.3	2.3-2.5	2.1-2.3
Risk-adjusted capital ratio	5.8	4.9	4.4	3.8-4.0	3.8-4.0

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'b' For Banks Operating Only In Nigeria

Our 'b' anchor is derived from our Banking Industry Country Risk Assessment (BICRA) for Nigeria, where the bank operates.

We forecast that the Nigerian economy will grow by 3.3% in 2023, largely driven by the nonhydrocarbon sector. That said, manufacturing and segments of services such as airlines have been stressed by the continued scarcity of foreign currency. Nigeria's economic growth is characterized by high unemployment of about 30%. The pandemic, banditry, current supply-chain distortions, and high inflation have exacerbated poverty levels and food insecurity. GDP per capita terms will remain low, partly reflecting the country's large population growth. Average income levels will fluctuate at about $2,000 through 2024.

The banking sector is exposed to short credit cycles and high credit risks stemming from sensitivity to currency depreciation, because Nigeria's economy is highly dependent on the hydrocarbon sector, which leads to concentration and energy transition risks. This leaves banks vulnerable to asset price shocks, resulting in asset quality problems. The banking sector has a material exposure to the oil and gas sector, averaging about 30% of total loans. Banks' credit losses outperformed our normalized loss estimates in 2022, at about 1.5% of total loans for rated banks. We think credit losses will inch higher and average 2% in 2023, while the NPL ratio will deteriorate to 5.7% in 2023 above the 5% regulatory limit, amid high inflation and interest rates.

We expect the sector will maintain resilient levels of risk-adjusted returns amid regulatory headwinds. In our view, return on equity will average 16% in 2023, broadly in line with 2022's strong performance. We think the Central Bank of Nigeria (CBN) will lift some cash reserve requirement restrictions, which in turn will support banks' net interest margins. Moreover, the CBN's naira and U.S. dollar liquidity management has created distortions in the banking sector, which in turn have had negative implications on banks' cost of funding and risk-adjusted returns. Banks' cost bases will remain high because of the Asset Management Corporation of Nigeria (AMCON) levy, which accounts for 20%-30% of banks' operating expenses. Banks balance sheets are long U.S. dollar, and a naira depreciation will lead to additional earnings. At the same time, a currency depreciation will result in higher risk-weighted assets and negatively affect capitalization. Most Nigerian banks are largely funded by customer deposits, but lower-tier banks rely on domestic wholesale funding.

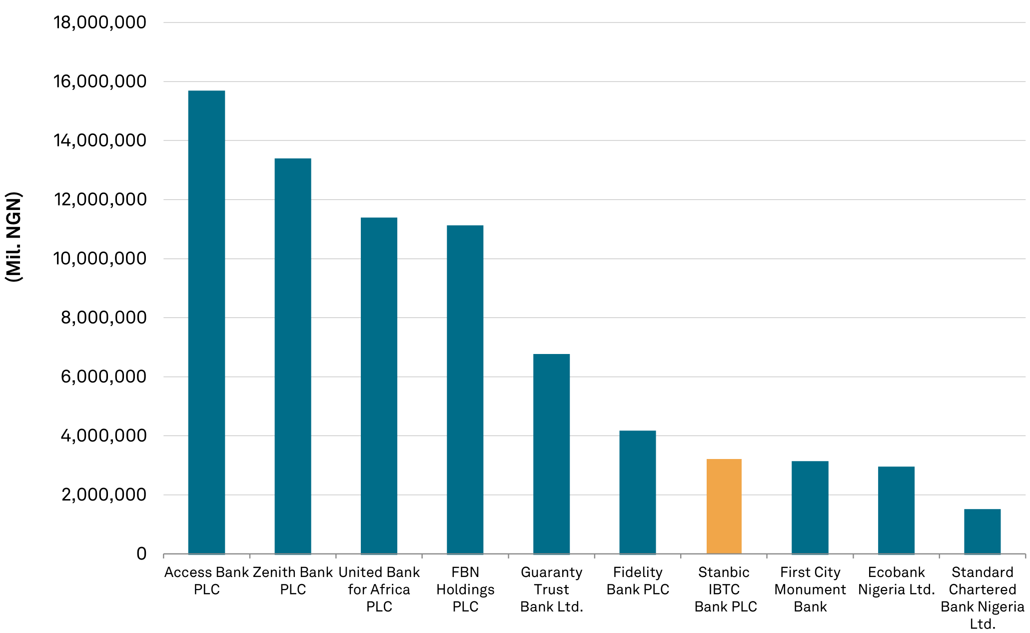
Business Position: Fairly Diversified Revenue Streams From The Group's Well-Established CHNW And CIB Franchises

Our assessment of Stanbic IBTC's business position balances its modest size against its leading CIB and CHNW-nonbank franchises. It also recognizes the group's growing CHNW banking and BCC operations within a competitive Nigerian banking sector.

Chart 1

Stanbic IBTC is the seventh largest Nigerian bank by assets

Total assets



Data as at March 2023 except for Standard Chartered Bank Nigeria and Ecobank Nigeria Ltd. which is as at December 2022. NGN--Nigerian naira. Source: S&P Global Ratings.

The CIB and CHNW clients operations continue to be the group's largest revenue and profitability drivers. The CIB 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 CIB segment was the largest revenue contributor at 43% of total revenue in 2022, while the CHNW clients segment accounted for 37% of total revenue mainly supported by the noninterest revenue from the CHNW-nonbank offering and 20% from the BCC segment.

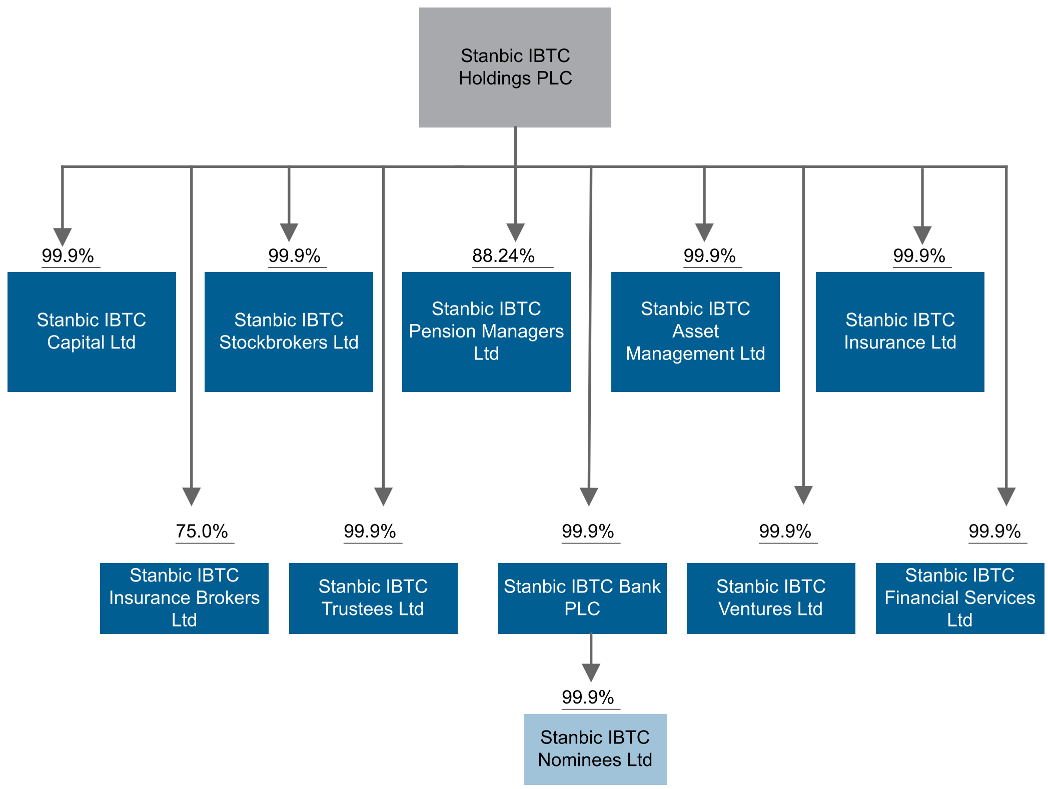
Chart 2

The corporate and investment and consumer and high-net-worth business segments are the group's main revenue and profit drivers

Sources: S&P Global Ratings and company financials.

The group's operating performance has remained resilient through prolonged economic setbacks in Nigeria supported by stable revenue streams. In 2022, the group's operating performance significantly improved, with an ROE of 20% versus 15% in 2021, supported by an increase in net interest income, fees and commissions, and trading income. Noninterest income, which accounted for 53% of operating revenue in 2022, supports earnings stability by shielding the bank's earnings from the impact of changes in interest rates. We expect this revenue line to continue increasing, mainly supported by growth in assets under management. In addition, we expect the group's digital drive to continue supporting growth in fees and commissions and lower cost of funding through the ramp up of low-cost retail deposits.

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 its CIB and CHNW-nonbank divisions in the medium term. Stanbic IBTC aims to provide end-to-end financial services in Nigeria. Its CHNW operations focus 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: Strong Earnings Capacity Supports Capitalization

We expect the group's RAC ratio will range between 3.8%-4.0% over the next 12-18 months, compared with 4.4% at year-end 2022, balancing the growth in earnings, dividend payouts, and asset growth. In our base-case scenario, we assume the following:

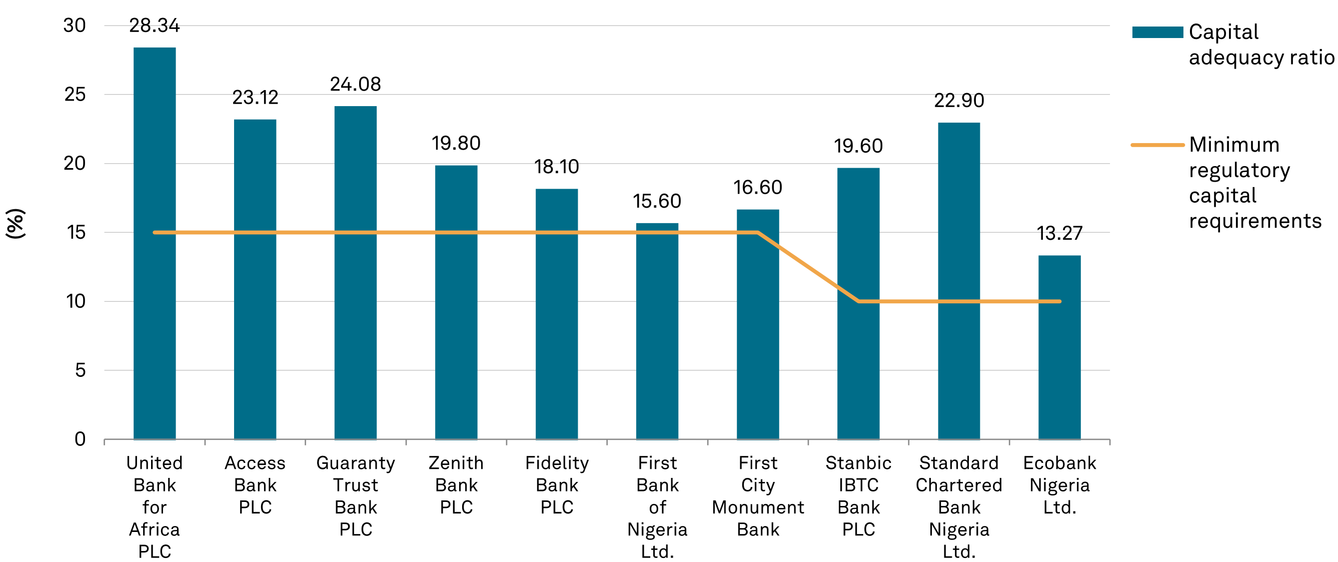
- Loan growth of 35% in 2023, mainly driven by the naira depreciation, and 15% thereafter, reflecting the group's drive to increase loans to top corporate and retail clients at the back of elevated inflation;

- An increase in net interest margins to 6.15% in 2023, reflecting the higher interest rates and growth in retail lending;
- NPLs to increase, reflecting the impact of high inflation and rising interest rates--although the NPL ratio will remain fairly stable because of the high loan growth;
- Cost of risk to range between 80 bps-100 bps, below sector average; and
- Dividend distribution of at least 30% of net income.

Stanbic IBTC's capital adequacy ratio (CAR) stood at 20% under Basel II standards as of March 31, 2023. The group remains well capitalized under the Basel III framework with a CAR of 19.6%, 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 domestic systemically important bank. The Nigerian banking sector has been implementing the Basel III framework in parallel with the existing framework since November 2021. The group's quality of capital is good, with Tier 2 debt constituting about 5.5% of total qualifying capital as of March 31, 2023. Included within Tier 2 capital is U.S. dollar-denominated subordinated debt of $40 million (Nigerian naira [NGN] 19 billion), maturing in February 2031, which provides a partial hedge against naira depreciation. Stanbic IBTC maintains a significant capital buffer above the regulatory minimum, which helps to withstand severe losses that could arise under a stress scenario. We expect the group will maintain its CAR above the regulatory minimum over the next 12 months, supported by higher earnings accretion.

Chart 4

Rated banks' capital adequacy ratios meet minimum regulatory requirements



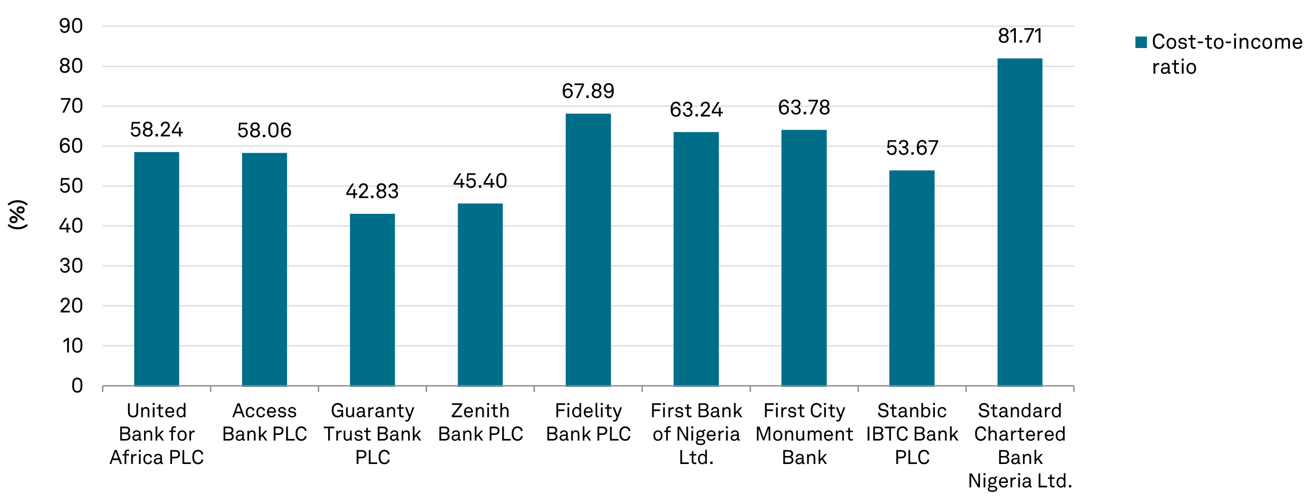
Data as at March 2023 except for United Bank for Africa, Guaranty Trust Bank, Zenith Bank, Ecobank Nigeria Ltd. and Standard Chartered Bank Nigeria, which are as at December 2022. Source: Bank financials.

The group's earnings capacity is relatively strong compared with peers. We forecast ROE to remain stable and average 25% over the next 12-18 months. Earnings will be supported by the increase in NIM because of the rising interest rates and growth in nonfunded income, particularly from the CHNW-nonbank business. Trading income is also expected to benefit from the naira depreciation as the group has a net long foreign currency position. The CBN has raised its benchmark rate by a cumulative 700 bps since January 2022 to 18.5% in May 2023 in a bid to tame inflationary pressure. The high cash reserve requirements will continue to constrain net interest margins; the central bank raised the cash reserve requirement by 500 bps to 32.5% in September 2022. We expect the earnings buffer to average 0.6% of S&P Global Ratings' risk-weighted assets through 2024. The earnings buffer is constrained by our more conservative and higher estimate of normalized credit losses (average losses over an entire credit cycle). The bank's actual credit losses have however been significantly lower than its normalized credit losses.

The group's operating efficiency also supports profitability, the group has one of the lowest cost-to-income ratios among rated Nigerian banks at 51% in first-quarter 2023 down from 53.7% in 2022. However, regulatory cost, particularly the AMCON levy (0.5% of total on and off-balance sheet assets), remains a major cost driver for all Nigerian banks. This cost line has been increasing for Stanbic IBTC as it significantly grew its balance sheet over the past few years and now accounts for about 11% of operating expenses.

Chart 5

Stanbic IBTC's operating efficiency is better than most peers



Data as at December 2022. Source: S&P Global Ratings.

Risk Position: Good Asset Quality Metrics Despite Some Concentration Risks

Stanbic IBTC's asset quality metrics compare well with those of most peers. This reflects the group's prudent underwriting and risk management standards. The group's NPL ratio marginally increased to 2.5% as of end-March 2023 versus 2.3% at end-December 2022, reflecting the effects of the challenging macroeconomic environment.

Considering the persistent high inflation, rising interest rates, and moderate economic growth, we expect NPLs will increase further in 2023. However, the NPL ratio will decrease to 2.4% because of the expected significant growth in the loan book. At the same time, we estimate cost of risk will range between 0.8%-1% 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 two-year forecast period.

Chart 6 - Stanbic IBTC's asset quality compares well with peers', with one of the lowest NPL ratios among rated Nigerian banks

The group has been growing its loan book above the sector average over the past two years. Its gross loan book grew by 44% in 2021 and 31% in 2022, while total assets only increased by 10.3% and 10.4% during the same period. As a result, loans to customers now account for 40% of total balance sheet assets versus 25% in 2020, while financial investments, trading, and pledged assets combined now account for 31%, from 41% in 2020. The growth in loans has stemmed mainly from existing CIB clients in the manufacturing, transport and communication, and construction and real estate sectors.

Like its many 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 40% of total loans at year-end 2022, while the top 20 NPLs represented about 76% of total NPLs during the same period. The high single obligor concentration reflects the tilt of the group's loan book to CIB clients, which accounted for 66% of total loans at year-end 2022. Foreign currency lending represented 49% of total loans in 2022, marginally higher than the sector average of 40% however, these loans are largely extended to customers with revenue in the same currency.

Stanbic IBTC is exposed to energy transition risk, because of the material share of oil and gas loans in its loan book. The bank's oil and gas exposures accounted for about 20% of total loans as of end-2022, still below the sector average of 30%. These are diversified across the downstream (40%), upstream (35%), and services (25%) sectors. In general, upstream oil and gas exposures present lower risks with no NPLs stemming from this sector for the bank in 2022 compared with an NPL ratio of 1% in downstream and 10.7% in oil and gas services. We expect the oil and gas sector to remain a significant component of Nigerian banks' loan books because lending opportunities could arise in the sector, which we think will benefit from increased refining capacity in 2023.

Funding And Liquidity: A 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 59% of the group's funding base as of end-March 2023, compared with 57% in 2022. The group continues to grow its low-cost current and savings account deposits, which accounted for 74.9% compared with 71.7% in 2022. Although cost of funding increased to 2.5% in first-quarter 2023 from 1.9% in 2022 because of rising interest rates, this remains lower relative to the 2019 level of 3.3% and lower than the close-peer average of 3.7%. 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 122% on March 31, 2023.

Similar to the sector's funding profile, deposits are short-dated and support low-cost deposits. About 65% of core customer deposits are repayable on demand, but these deposits have been stable over time. Depositor concentration remained moderate, with the top 20 depositors equating to 18.7% of total deposits at year-end 2022.

The group maintains a liquid balance sheet and its liquidity indicators are in line with those of its peers. Broad liquid assets covered short-term wholesale funding by 2x as of March 31, 2023. 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. In addition, foreign currency deposits have been stable and represented 32% of total deposits as of Dec. 31, 2022.

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

We assess the group's SACP 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 is a member of SBG, which has a 67.55% 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

Environmental and governance factors are negative considerations in our analysis of the Nigerian banking sector. Consequently, we apply the same considerations in our credit rating analysis of Stanbic IBTC.

Energy transition risk is material for the Nigerian banking system because of the large direct exposures to the oil and gas sector. This industry makes up about a third of systemwide loans, which weakens economic resilience and credit risk in the economy, in our view.

The governance indicator is largely driven by the weak banking regulation and supervision in Nigeria, which weighs on our institutional framework score, under our banking industry country risk assessment. Gaps in corporate governance in the wider economy exist and could affect the banking sector. Stanbic IBTC benefits from governance and risk management oversight from its parent SBG.

Key Statistics

Table 1

Stanbic IBTC Group PLC--Key figures

	--Year ended Dec. 31--				
(Mil. NGN)	*2023	2022	2021	2020	2019
Adjusted assets	3,208,452	3,025,245	2,738,525	2,481,666	1,871,224
Customer loans (gross)	1,236,735	1,238,195	946,259	655,292	556,383
Adjusted common equity	430,371	375,450	342,731	354,199	271,666
Operating revenues	80,890	239,234	170,777	198,854	186,552
Non-interest expenses	41,326	128,397	104,499	94,680	94,476
Core earnings	28,880	81,122	58,607	84,412	75,515

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

Table 2

Stanbic IBTC Group PLC-- Business position

	--Year ended Dec. 31--				
(%)	*2023	2022	2021	2020	2019
Total revenues from business line (currency in millions)	80,890.0	240,113.0	171,145.0	198,924.0	186,586.0
Retail banking/total revenues from business line	36.7	9.6	9.7	19.4	28.0
Trading and sales income/total revenues from business line	N/A	44.6	36.9	26.2	19.5
Asset management/total revenues from business line	N/A	27.8	36.0	26.2	27.1
Return on average common equity	27.1	20.4	14.7	24.3	27.3

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

Table 3

Stanbic IBTC Group PLC-- Capital and earnings

	--Year ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Tier 1 capital ratio	18.4	19.5	19.3	23.3	22.3
Net interest income/operating revenues	45.0	47.3	44.1	37.3	41.7
Fee income/operating revenues	30.7	38.1	48.5	35.8	37.7
Market-sensitive income/operating revenues	24.6	14.5	7.2	26.7	20.4
Non-interest expenses/operating revenues	51.1	53.7	61.2	47.6	50.6
Pre-provision operating income/average assets	5.1	3.8	2.5	4.8	5.2
Core earnings/average managed assets	3.7	2.8	2.2	3.9	4.3

*Data as of March 31.

Table 4

Stanbic IBTC Bank PLC--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 & central banks	1,514,970.5	0.0	0.0	3,612,769.8	238.5
Of which regional governments and local authorities	792,080.0	0.0	0.0	2,082,774.4	263.0
Institutions and CCPs	131,414.2	0.0	0.0	325,289.6	247.5
Corporate	1,248,037.8	1,417,470.0	113.6	3,124,085.6	250.3
Retail	95,831.5	0.0	0.0	200,835.0	209.6
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†	97,151.7	0.0	0.0	304,427.1	313.4
Total credit risk	3,087,405.7	1,417,470.0	45.9	7,567,407.1	245.1
Credit valuation adjustment					
Total credit valuation adjustment	--	0.0	--	0.0	--
Market Risk					
Equity in the banking book	72,125.0	0.0	0.0	512,155.5	710.1
Trading book market risk	--	35,576.0	--	66,705.0	--
Total market risk	--	35,576.0	--	578,860.5	--
Operational risk					
Total operational risk	--	348,878.0	--	456,634.0	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	1,801,924.0	--	8,602,901.6	100.0
Total diversification/ concentration adjustments	--	--	--	2,784,742.0	32.4
RWA after diversification	--	1,801,924.0	--	11,387,643.6	132.4
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		352,241.0	19.5	375,450.0	4.4
Capital ratio after adjustments‡		352,241.0	19.5	375,450.0	3.3

*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. CCPs--Central counterparty clearing house. Sources: Company data as of Dec. 31, 2022, S&P Global Ratings.

Table 5

Stanbic IBTC Group PLC--Risk position					
	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Growth in customer loans	(0.5)	30.9	44.4	17.8	21.8
New loan loss provisions/average customer loans	1.1	0.9	(0.2)	1.4	0.1
Net charge-offs/average customer loans	(0.2)	0.2	0.9	0.5	0.5
Gross nonperforming assets/customer loans + other real estate owned	2.5	2.3	2.1	4.0	3.9
Loan loss reserves/gross nonperforming assets	120.7	116.9	124.0	113.8	112.3

*Data as of March 31.

Table 6

Stanbic IBTC Group PLC-- Funding and liquidity					
	--Year ended Dec. 31--				
(%)	**2023***	**2022**	**2021**	**2020**	**2019**
Core deposits/funding base	58.8	57.4	61.2	52.1	49.3
Customer loans (net)/customer deposits	89.7	94.6	81.1	70.8	80.8
Long-term funding ratio	69.9	68.5	72.2	68.5	70.2
Stable funding ratio	121.8	115.6	131.0	148.1	139.0
Short-term wholesale funding/funding base	35.8	37.2	33.4	38.4	36.4
Broad liquid assets/short-term wholesale funding (x)	2.0	1.7	2.4	2.3	2.1
Net broad liquid assets/short-term customer deposits	93.0	49.9	55.1	63.6	61.0
Short-term wholesale funding/total wholesale funding	86.8	87.3	86.1	80.3	71.7

*Data as of March 31.

Stanbic IBTC Bank PLC--Rating component scores	
Issuer Credit Rating	**B-/Negative/B**
SACP	b
Anchor	b
Economic risk	10
Industry risk	9
Business position	Adequate
Capital and earnings	Constrained
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+3
ALAC support	0
GRE support	0
Group support	+3
Sovereign support	0
Additional factors	-4

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- 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
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Related Research

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- Stanbic IBTC Bank 'B-/B' Ratings Affirmed; Outlook Negative; 'ngBBB-/ngA-3' National Scale Ratings Affirmed, May 25, 2023
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Regulatory Disclosures

Regulatory disclosures applicable to the most recent credit rating action can be found at "Outlooks On 12 Nigerian Banks Revised To Stable After Same Action On Sovereign; Several National Scale Ratings Raised," published Aug. 11, 2023, 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 factors: Those environmental, social, and governance (ESG) factors that can materially influence the creditworthiness of a rated entity or issue and for which we have sufficient visibility and certainty to include in our credit rating analysis. These credit factors can have a negative or positive impact on creditworthiness, depending on whether they represent a risk or an opportunity.
- ESG credit indicator: An ESG credit indicator is an alphanumeric representation of the qualitive assessment of ESG factors' impact on creditworthiness produced as part of the ratings process. Our ESG credit indicators provide additional disclosure by reflecting our opinion of how material the influence of ESG factors is on the various

analytical components in our rating analysis through an alphanumerical 1-5 scale. ESG credit indicators are applied after the ratings have been determined.

- Fee income over operating revenues: Net income on fees and commissions over operating revenues.
- 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 December 21, 2023)*		
Stanbic IBTC Bank PLC		
Issuer Credit Rating		B-/Stable/B
Nigeria National Scale		ngBBB/--/ngA-2
Issuer Credit Ratings History		
11-Aug-2023		B-/Stable/B
08-Feb-2023		B-/Negative/B
31-Mar-2020		B-/Stable/B
03-Mar-2020		B/Negative/B
11-Aug-2023	*Nigeria National Scale*	ngBBB/--/ngA-2
08-Feb-2023		ngBBB-/--/ngA-3
31-Mar-2020		ngBBB/--/ngA-2
03-Mar-2020		ngA-/--/ngA-2
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		zaAA-

*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.