

## RATING ANNOUNCEMENT

GCR affirms Stanbic IBTC Bank Limited's national Scale long and short-term Issuer ratings of AAA<sub>(NG)</sub>/ A1+<sub>(NG)</sub>; Outlook Stable

### Rating action

Lagos, 29 May 2025 – GCR Ratings (GCR) has affirmed Stanbic IBTC Bank Limited's national scale long and short-term issuer ratings of AAA<sub>(NG)</sub> and A1+<sub>(NG)</sub> respectively, with a Stable outlook.

Rated Entity	Rating class	Rating scale	Rating	Outlook
Stanbic IBTC Bank Limited	Long Term Issuer	National	AAA <sub>(NG)</sub>	Stable
	Short Term Issuer	National	A1+ <sub>(NG)</sub>	

### Rating rationale

The ratings on Stanbic IBTC Bank Limited (Stanbic IBTC Bank or the bank) reflects its sound competitive position, stable funding structure, adequate liquidity position, evolving capitalisation and pressured risk profile due to the impact of naira devaluation and challenging operating environment. The ratings also factor in the robust financial and technical support from its ultimate parent, Standard Bank Group, one of the largest banking groups in Africa by balance sheet size and earnings.

Stanbic IBTC Bank is considered the core operating entity within Stanbic IBTC Holdings PLC (Stanbic IBTC Holdings or the group), as such, the national scale Issuer ratings on the bank reflect the strengths and weaknesses of the group.

The group's competitive position is supported by well-diversified business operations, with eleven subsidiaries operating across major segments of the Nigerian financial services landscape; including commercial banking, investment banking, asset management, pension management, custodian services, insurance, fintech and stockbroking. The group's strong portfolio of bank and non-bank financial services supports its diversification, cross-selling opportunities, and strengthens earnings capacity. The banking subsidiary remains a top tier two bank with a balance sheet size of NGN6.7 trillion (USD4.6 billion) as of 31 December 2024, accounting for approximately 4.0% of the Nigerian banking industry's total assets. The group's revenue base remains largely stable supported by the dominance of stable earnings sources for its core banking and non-bank operations.

The group's capitalisation metrics were pressured over the last two years, due to the bloating impact of Naira devaluation on risk-weighted assets. As a result, the GCR core capital ratio trended downward to 14.7% as of 31 December 2024 (31 December 2023: 16.6%), registering within the low band of our assessment. However, we recognised that the group recently secured the Central Bank of Nigeria's approval on its NGN148.7 billion right issue in May 2025 and this capital raising exercise will be concluded soon. Considering the new capital raised, we expect the GCR core capital ratio to range between 20.0% and 24.0% over the next 12-18 months,

barring any major devaluation of local currency. Also, the bank's regulatory capital adequacy ratio has been consistently maintained above regulatory minimum of 10% for its licence category.

Stanbic IBTC Bank's risk position was pressured during the year under review due to the weak macroeconomic environment. Consequently, the non-performing loans (NPL) ratio registered at a higher 4.2% as of 31 December 2024 compared to four-year historical average of 2.7%. As per management, the bank took a proactive approach to reclassify some names to stage 3, given the impact of challenging operating environment on obligors. Similarly, credit losses ratio increased to 3.5% as at the same period (December 2023: 0.8%), reflecting prudent provisioning measures in response to macroeconomic challenges. Although, credit losses ratio improved to negative 0.8% as of March 2025, supported by write backs. While management has set a target NPL ratio of below 5% for full year 2025, asset quality metrics remain susceptible to the challenging operating environment.

Obligor concentration remained high, as the top twenty obligors accounted for 44.3% of the loan book as of 31 December 2024 (December 2023: 37.2%). Proportion of foreign currency (FCY) loans to gross moderated to 36.7% in December 2024 (December 2023: 63.3%), due to deliberate management efforts and paydown of trade loan obligations.

The group's funding and liquidity is broadly in line with rated peers, with customer deposits accounting for 59.8% of the total funding base as of 31 December 2024 (31 December 2023: 56.6%). The relatively inexpensive current and savings account (CASA) deposits constituted 75.0% of customer deposits as of 31 December 2024 (31 December 2023: 72.0%). Customer deposits registered at NGN3.0 trillion (USD2.1 billion) as of 31 December 2024, reflecting a 45.2% growth over the prior year. Cost of funds of 4.5% as of 31 December 2024 (December 2023: 3.9%) remain moderate and compares well with peers. This is expected to remain around 4.5%-5%, given the perceived stability in the monetary policy rate as well as plans to further deepen retail segments to grow CASA deposits.

Liquidity is assessed to be satisfactory; GCR liquid assets coverage of customer deposits and wholesale funding registered at 71.1% and 6.1x respectively as of Q1 2025. From a regulatory standpoint, the bank's liquidity ratio was 77.4% as of 31 December 2024, exceeding the regulatory minimum of 30%. We expect the groups finding and liquidity to remain strong over the next 12-18 months.

Stanbic IBTC Bank Limited's national scale Issuer ratings benefit from parental support. Although the group contributes less than 10% to Standard Bank Group's asset and revenue, there is evidence of support from and assimilation with the parent. We believe Standard Bank Group has the capacity to support the group and bank.

## Outlook statement

The stable outlook reflects our expectation that the group's financial profile would remain sound, with asset quality metrics contained and below the industry's averages. We expect the new capital raised to support GCR core capital ratio to between 20%-24%. Funding and liquidity position is expected to remain stable, predicated on the good deposit mobilisation capacity as well as other funding options.

## Rating triggers

The long and short-term national scale ratings are at the AAA<sub>(NG)</sub> and A1+<sub>(NG)</sub> ceilings, respectively. However, a rating downgrade could stem from sustained pressure on asset quality metrics, with NPL ratio registering above 5.0% and credit losses ratio of above 3.5% over the next 12-18 months. While we do not anticipate deterioration in capitalisation metric given the new capital raised, we could lower the rating if the GCR core capital ratio registers below 20.0%.

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## Related criteria and research

Criteria for the GCR Ratings Framework, May 2024  
Criteria for Rating Financial Institutions, May 2024  
GCR Ratings Scales, Symbols & Definitions, May 2023  
GCR Country Risk Scores, May 2025  
GCR Financial Institutions Sector Risk Score, August 2024

## Ratings history

Stanbic IBTC Bank Limited					
Rating class	Review	Rating	Rating	Outlook	Date
Long Term Issuer	Initial	National	AA- <sub>(NG)</sub>	Stable	December 2006
Short Term Issuer	Initial	National	A1+ <sub>(NG)</sub>		December 2006
Long Term Issuer	Last	National	AAA <sub>(NG)</sub>	Stable	May 2024
Short Term Issuer	Last	National	A1+ <sub>(NG)</sub>		May 2024

## Risk score summary

Rating Components & Factors	Score
<b>Operating environment</b>	<b>7.00</b>
Country risk score	3.50
Sector risk score	3.50
<b>Business profile</b>	<b>1.00</b>
Competitive position	1.00
Sustainability	0.00
<b>Financial profile</b>	<b>1.25</b>
Capital and leverage	0.00
Risk	0.50

Funding and liquidity

0.75

Comparative profile

1.75

Group support

1.75

Peer comparison

0.00

Total Risk Score

11.00

## Glossary

Accounting	A process of recording, summarising, and allocating all items of income and expense of the company and analysing, verifying and reporting the results.
Affirmation	See GCR Rating Scales, Symbols and Definitions.
Asset Quality	Refers primarily to the credit quality of a bank's earning assets, the bulk of which comprises its loan portfolio, but will also include its investment portfolio as well as off balance sheet items. Quality in this context means the degree to which the loans that the bank has extended are performing (ie, being paid back in accordance with their terms) and the likelihood that they will continue to perform.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Balance Sheet	Also known as Statement of Financial Position. A statement of a company's assets and liabilities provided for the benefit of shareholders and regulators. It gives a snapshot at a specific point in time of the assets the company holds and how they have been financed.
Capital Adequacy	A measure of the adequacy of an entity's capital resources in relation to its risks.
Capital	The sum of money that is invested to generate proceeds.
Cash	Funds that can be readily spent or used to meet current obligations.
Customer Deposit	Cash received in exchange for a service, including safekeeping, savings, investment, etc. Customer deposits are a liability in a bank's books.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Downgrade	The rating has been lowered on its specific scale.
Environment	The surroundings or conditions in which an entity operates (Economic, Financial, Natural).
Equity	Equity is the holding or stake that shareholders have in a company. Equity capital is raised by the issue of new shares or by retaining profit.
Exchange Rate	The value of one country's currency expressed in terms of another.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
Financial Year	The year used for accounting purposes by a company or government. It can be a calendar year or it can cover a different period, often starting in April, July or October. It can also be referred to as the fiscal year.
Forbearance	A temporary suspension of repayments, granted by a creditor to a debtor.
Income	Money received, especially on a regular basis, for work or through investments.
Insurance	Provides protection against a possible eventuality.
Interest Rate	The charge or the return on an asset or debt expressed as a percentage of the price or size of the asset or debt. It is usually expressed on an annual basis.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Issuer Ratings	See GCR Rating Scales, Symbols and Definitions.
Issuer	The party indebted or the person making repayments for its borrowings.
Liquid Assets	Assets, generally of a short term, that can be converted into cash.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Loan	A sum of money borrowed by a debtor that is expected to be paid back with interest to the creditor. A debt instrument where immovable property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to repay the loan. Registration is a prerequisite for the existence of any mortgage loan. A mortgage can be registered over either a corporeal or incorporeal property, even if it does not belong to the mortgagee. Also called a Mortgage bond.
Loss	1. A tangible or intangible, financial or non-financial loss of economic value. 2. The happening of the event for which insurance pays (insurance).
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Monetary Policy	Measures taken by the central bank to influence the quantity of money or the rate of interest with a view to achieving stable prices, full employment and economic growth.
National Scale Rating	National scale ratings measure creditworthiness relative to issuers and issues within one country.
Obligor	The party indebted or the person making repayments for its borrowings.
Performing Loan	A loan is said to be performing if the borrower is paying the interest on it on a timely basis.
Performing	An obligation that performs according to its contractual obligations.
Policy	The legal document issued by the company to the policyholder, which outlines the conditions and terms of the insurance.

Provision	The amount set aside or deducted from operating income to cover expected or identified loan losses.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Regulatory Capital	The total of primary, secondary and tertiary capital.
Reserve Requirement	Minimum amount of cash or cash equivalents (computed as a percentage of deposits) that banks are required by law to keep on hand, and which may not be used for lending or investing. Reserve requirements serve as a safeguard against a sudden and inordinate demand for withdrawals, and as a control mechanism for injecting cash (liquidity) into, or withdrawing it from, an economy.
Reserve	(1) An amount representing actual or potential liabilities kept by an insurer to cover debts to policyholders. (2) An amount allocated for a special purpose. Note that a reserve is usually a liability and not an extra fund. On occasion a reserve may be an asset, such as a reserve for taxes not yet due.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Shareholder	An individual, entity or financial institution that holds shares or stock in an organisation or company.
Short Term	Current; ordinarily less than one year.
Trust	A third party that acts in the best interest of another party, according to the trust deed, usually the investors. Owner of a securitisation vehicle that acts in the best interest of the Noteholders.
Trustee	An individual or firm that holds or administers property or assets for the benefit of a third party.
Weighted	The weight that a single obligation has in relation to the aggregated pool of obligations. For example, a single mortgage principal balance divided by the aggregated mortgage pool principal balance.

### Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings process was based solely on the merits of the rated entity, security or financial instrument being rated; and c.) the ratings process was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Audited Financial Statement as of 31 December 2024
- Other related documents
- Exchange rate source: Central Bank of Nigeria USD1.00 = NGN1,447(31 December 2024)

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