



Stanbic IBTC (“the Group”) delivered a strong performance in the second quarter of 2025, with notable improvements across key financial indicators. One of the standout achievements was the significant growth in its net interest margin, which rose to 3.94% from the 2.80% recorded in the first half of 2024. This impressive expansion in net interest margin is primarily attributed to a reduction in the Group’s cost of funds. Specifically, the cost of funds declined to 1.71% from 2.14% in H1 2024.

A key driver of this decline was the sharp drop in the cost of borrowed funds (inclusive of debt securities) from 5.17% to 2.82%, which also coincided with the deliberate scale-down of the balance sheet value which fell substantially to N492.47 billion from N627.64 billion. This decline in borrowing costs reflect the softening yields amid disinflationary trend and expectation of rate cut which later materialised in September 2025.

In terms of top-line performance, Stanbic IBTC recorded a 39% year-on-year jump in gross earnings, which rose to N281.63 billion in Q2 2025, up from N202.17 billion in the corresponding period of the previous year. This growth in gross earnings was largely driven by a substantial 57% growth in interest income. The surge in interest income was facilitated by the relative elevated interest rate environment which provided a more favorable yield landscape for interest-earning assets.

In parallel, the Group demonstrated enhanced cost efficiency in managing its interest obligations, as evidenced by a decline in the interest expense margin to 13.56%, compared to 16.29% in Q2 2024. This suggests that while interest income rose significantly, the associated costs did not increase at the same pace, thereby supporting stronger net interest outcomes. In periods of yield moderation, the impact is typically more pronounced on the liability side of banks’ balance sheets. Deposits and borrowings tend to reprice faster than loans and investment securities, allowing banks to benefit from lower funding costs before asset yields fully adjust.

While the Group faced challenges on the trading front, with trading revenue dropping by 72% to N6.11 billion from N22.09 billion in Q2 2024 on the back of a decline in fixed income and currencies, this was offset by resilience in other non-interest revenue streams. In particular, the Group recorded an 8% growth in total non-interest revenue, which printed at N77.32 billion from N71.85 billion.

The growth in non-interest revenue was underpinned by a 36% uplift in fees and commission income, driven largely by strong growth in brokerage and financial advisory fees and a significant jump in foreign currency services income, alongside the uptick in net insurance service result, which recorded an astonishing 493% increase. Overall, operating income grew to N230.90 billion – a 40% jump.

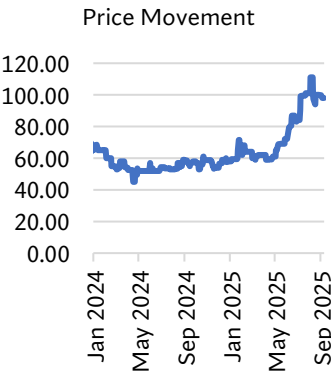
On the cost side, the Group experienced a 45% rise in operating expenses, which rose to N89.02 billion from N61.47 billion in Q2 2024. This growth was primarily due to a 33% rise in staff-related expenses, alongside a 51% increase in other operating expenses.

SELL

Fair Value Estimate:
N97.66

Total Return: **-12%**

Stock Data	
Current price (N)	118.00
Shares Outstanding (mn)	15,902
Market Cap (N'mn)	1,876,409
52-week high (N)	111.10
52-week low (N)	52.95
Trailing EPS (N)	17.39
Forward EPS (N)	23.36
Forward PE (X)	5.05
Justified PE Multiple (X)	4.18



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	5.25x	3.16x	5.05x
P/BV	1.46x	1.06x	1.56x
PBT Margin	38%	37%	48%
PAT Margin	31%	27%	34%
RoE	31%	38%	41%
Dividend Yield	6%	9%	6%

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Nevertheless, cost-to-income ratio improved by 100 basis points, reflecting greater operational efficiency and a better balance between revenue generation and expenditure.

Profitability remained strong during the quarter as profit before tax rose by 51%, reaching N127.33 billion from N84.29 billion in Q2 2024. After accounting for a steep 165% increase in income tax expense, the Group still managed to post a 29% growth in profit after tax. Net profit stood at N91.37 billion in Q2 2025, up from N70.72 billion in Q2 2024.

Q2 2025 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
Gross earnings	276,356	201,281	37%
Interest income	204,316	130,323	57%
Interest expense	(38,192)	(32,927)	16%
Net interest income	166,124	97,396	71%
Net impairment loss	(14,553)	(19,444)	-25%
Net interest income after impairment	151,571	77,952	141%
Non-interest income	72,040	70,958	2%
Net fee and commission	54,020	41,281	31%
<i>Fee and commission income</i>	59,882	44,137	36%
<i>Fee and commission expense</i>	(5,862)	(2,856)	105%
Income from insurance activities	(1,398)	(291)	380%
<i>Net insurance service result before reinsurance contracts held</i>	5,275	889	493%
<i>Net expense from reinsurance contracts held</i>	(144)	(207)	-30%
<i>Net insurance finance expenses</i>	(7,694)	(1,653)	365%
<i>Fair value adjustments</i>	1,165	680	71%
Trading revenue	6,118	22,092	-72%
Other income/(loss)	6,040	4,729	28%
Operating income	216,351	145,763	48%
<i>Staff costs</i>	(29,030)	(21,840)	33%
<i>Other operating expenses</i>	(59,992)	(39,634)	51%
Operating expenses	(89,022)	(61,474)	45%
Profit before tax	127,329	84,289	51%
Income tax	(35,960)	(13,571)	165%
Profit after tax	91,369	70,718	29%

Source: Company Accounts, WSTC Research

H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
Gross earnings	516,634	382,122	35%
Interest income	384,787	246,126	56%
Interest expense	(68,773)	(71,830)	-4%
Net interest income	316,014	174,296	81%
Net impairment loss	(11,104)	(26,549)	-58%
Net interest income after impairment	304,910	147,747	141%
Non-interest income	131,847	135,996	-3%
Net fee and commission	114,307	82,966	38%
<i>Fee and commission income</i>	123,656	88,703	39%
<i>Fee and commission expense</i>	(9,349)	(5,737)	63%
Income from insurance activities	(2,163)	(837)	158%
Net insurance service result before reinsurance contracts held	2,431	276	781%
Net expense from reinsurance contracts held	(88)	(330)	-73%
Net insurance finance expenses	(5,111)	2,791	-283%
Fair value adjustments	605	(3,574)	-117%
Trading revenue	(856)	39,652	-102%
Other income/(loss)	6,616	7,365	-10%
Operating income	422,814	276,893	53%
Staff costs	(53,629)	(43,088)	24%
Other operating expenses	(125,441)	(86,803)	45%
Operating expenses	(179,070)	(129,891)	38%
Profit before tax	243,744	147,002	66%
Income tax	(70,313)	(30,645)	129%
Profit after tax	173,431	116,357	49%
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
Assets			
Cash & balances with CBN	2,253,728	1,890,544	19%
Loans and advances to banks	166,528	11,843	1306%
Loans and advances to customers	2,329,226	2,161,523	8%
Trading assets	897,541	556,258	61%
Derivatives assets	60,901	152,968	-60%
Investment securities	1,257,010	559,110	125%
Others	1,157,597	769,959	50%
Total Assets	8,122,531	6,102,205	33%
Liabilities			
Deposits from customers	3,428,070	2,468,685	39%
Deposits from banks	269,043	424,915	-37%
Trading liabilities	1,764,607	1,342,292	31%
Derivatives liabilities	5,749	103,403	-94%
Borrowings	381,403	519,336	-27%
Others	1,322,421	659,057	101%
Total Liabilities	7,171,293	5,517,688	30%
Net Assets	951,238	584,517	63%

Source: Company Accounts, WSTC Research



Outlook

Following a comprehensive review of the Group's performance and macro assumptions, we estimate the fair value of the stock at N97.66 (previously: N88.29). Our projection is anchored on an interest income of N783.40 billion and a lower interest expense of N137.57 billion, reflecting softening yields and reduced funding costs. Consequently, we forecast a net interest margin of 8%, above the Group's 6%–7% guidance.

We also project a 65% year-on-year growth in profit after tax to N371.41 billion, translating to an EPS of N23.36 (FY 2024: N17.39) and a total dividend of N6.75 (including the N2.50 interim payment).

At the current market price of N118.00, the stock offers a total return of -12% after accounting for the 6% dividend yield. Notably, the share price has appreciated by 99% since our last report. Accordingly, we downgrade our recommendation to **SELL**.

Financial Projections

Income Statement (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Gross earnings	459,662	821,142	1,097,331	1,377,532	1,631,749	1,928,104	2,283,088
Interest income	270,593	566,462	783,397	953,998	1,105,341	1,297,868	1,522,501
Interest expense	(95,403)	(156,011)	(137,572)	(155,145)	(174,253)	(195,356)	(219,574)
Net interest income	175,190	410,451	645,825	798,853	931,088	1,102,512	1,302,927
Non-interest income	179,976	236,393	290,882	393,048	489,824	589,788	713,673
Operating expense	(166,807)	(243,689)	(358,573)	(446,277)	(528,635)	(624,645)	(739,648)
Impairment charge	(15,452)	(99,359)	(47,544)	(43,727)	(51,367)	(45,423)	(43,665)
Profit before tax	172,907	303,796	530,589	701,896	840,910	1,022,232	1,233,287
Profit after tax	140,617	225,311	371,413	561,517	672,728	817,786	986,629
EPS (N)	10.85	17.39	23.36	35.31	42.31	51.43	62.05
DPS (N)	3.70	5.00	6.75	9.50	11.17	13.27	15.89
Balance Sheet (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Gross loans	2,099,806	2,522,547	3,280,809	3,827,784	4,505,233	5,283,645	6,213,765
Net loans	937,143	1,208,193	2,041,019	2,400,232	3,121,727	3,642,180	4,286,780
Non-Performing Loans	49,194	103,496	105,734	140,205	155,107	187,718	217,346
Total assets	5,145,596	6,912,092	9,454,050	11,030,224	12,982,375	15,225,462	17,905,716
Customer deposits	2,072,887	3,009,862	4,246,997	5,765,996	6,790,260	7,741,821	8,869,076
Shareholder's funds	506,924	670,648	994,714	1,456,473	2,010,997	2,692,432	3,518,129
BV/Share	39.12	51.76	62.55	91.59	126.46	169.32	221.24
Ratio Analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Net Interest Margin	5%	8%	8%	9%	9%	9%	9%
PAT margin	31%	27%	34%	41%	41%	42%	43%
RoE	31%	38%	45%	46%	39%	35%	32%
RoA	3%	4%	5%	5%	6%	6%	6%
Capital Adequacy Ratio	19%	16%	21%	25%	28%	32%	35%
Cost/Income	47%	38%	38%	37%	37%	37%	37%
Loans/Deposit	75%	73%	68%	58%	58%	60%	61%

Source: Company Accounts, WSTC Research



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- Buy Rating: estimated fair value is $\geq 20\%$ above current market price.
- Hold Rating: estimated change in price is between -10% and 19% of current market price.
- Sell Rating: estimated change in price is $\leq -10\%$ of current market price.

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