

# STANBIC IBTC BANK PLC

## SUMMARY FINANCIAL INFORMATION

### FOR THE YEAR ENDED 31 DECEMBER 2019



The Directors present the summary financial information of Stanbic IBTC Bank PLC ("the Bank") and its subsidiary companies (together "the Group") for the year ended 31 December 2019. This summary financial information is derived from the full consolidated and separate financial statements for the year ended 31 December 2019 and is not the full financial statements of the Bank and the Group. The full consolidated and separate financial statements, from which the summary financial information is derived, will be delivered to the Corporate Affairs Commission within the required deadline. The Bank's auditor issued an unqualified audit opinion on the full consolidated and separate financial statements for the year ended 31 December 2019 from which this summary financial information is derived.

#### Overview of Stanbic IBTC Holdings PLC ("The Group") financial results

##### Balance sheet analysis

The Group's total assets as at the end of 2019 stood at N1.88 trillion representing an increase of 13% (N213 billion) over 2018 closing position. The increase was primarily driven by growth in trading assets, loans and advances and pledged assets though partly cushioned by the significant decline in financial investments.

##### Loans and advances

Gross loans and advances grew by 21% year-on-year, of which CIB's loans to customers grew by 28% and PBB's loans grew by 11% amid intense market competition. The growth arose from new disbursements of term loans while mortgage lending, overdrafts and vehicle and asset finance declined over the period due to significant maturities and pricing challenges. The bank remained circumspect and selective in its loan disbursements in the challenging credit environment. Thus, credit quality remained robust with NPL ratio of 3.9%, still within the 5% regulatory guidance.

##### Deposit liabilities

Customer deposits contracted by 21% to close at N637.8 billion at the end of 2019. Majority of this contraction was due to the release of expensive term and call deposits while savings accounts grew. Consequently, the Group's deposit mix of current and savings deposits to total deposits improved to 71.1% from 56.8% in 2018.

##### Income statement analysis

Gross earnings stood at N233.8 billion up by 5% from prior year due to growth in trading revenue supported by improved activity in the money and fixed income markets; growth in fees and commission income following increased digital adoption and marginal growth in interest income though we witnessed margin compression due to competitive asset pricing.

##### Net interest income

Net interest income was relatively flat at N78 billion. Interest income increased by 2% driven by strong growth in loans and advances. This was dampened by lower yields following competitive pressure for loan creation while the 6% increase in interest expense is on account of interest costs arising from additional borrowings obtained during the year.

##### Non-interest revenue

Non-interest revenue grew by 6% supported by broad-based growth across all three underlying categories including increases in net fee and commission revenue (up 1%), trading revenue (up 16%) and other revenue (up 40%).

Growth in fees and commission income was largely due to increase in asset management fees stemming from strong growth in assets under management; increase in electronic banking fees and brokerage & financial advisory fees. Electronic banking fees increased by 65% in line with our customers increasing preference for convenient digital channels. Trading revenue growth arose from improved FX flows from foreign investors and trades with corporate clients at the I&E FX market, following the successful completion of the presidential elections in the second quarter.

##### Credit impairment charge

Total credit impairment charge was N1.6 billion compared to a write-back of N2.9 billion in prior year, while gross loans and advances grew by 21%. This resulted in the credit loss ratio of 0.2%. The growth in provisions is mainly from the non-performing loan book where write-offs were recorded, and additional provisions made for new and existing non-performing loans. This was partly cushioned by some recoveries made during the period.

##### Operating expenses

Operating expenses were largely contained during the year. Total operating expenses decreased by 2%. Thus, cost-to-income ratio improved to 50.4% from 52.9% in 2018.

Staff cost was down 6% while ongoing prudent discretionary spend is reflected in other operating expenses growth of 2%.

##### Capital adequacy

The Group maintained adequate level of capital during the year. The Group's total capital adequacy ratio closed at 24.6% (Bank: 19.4%) which is significantly higher than the 10% minimum regulatory requirement.

##### Prospects

While we look to 2020 with great optimism, we are fully aware of the challenging macroeconomic and regulatory headwinds that we have to contend with as we enter a new decade. Nonetheless, our strategic journey towards becoming the leading end-to-end financial solutions provider by 2023 continues as we leverage our universal capabilities whilst focusing on cost control, digitisation and client centricity in accelerating growth in 2020.

#### Summary consolidated and separate statement of financial position

AS AT	Group		Bank	
	31-Dec-19 N'million	31-Dec-18 N'million	31-Dec-19 N'million	31-Dec-18 N'million
<b>Assets</b>				
Cash and cash equivalents	446,551	451,666	446,551	451,666
Pledged assets	231,972	142,543	231,972	142,543
Trading assets	248,909	84,276	248,909	84,276
Derivative assets	32,871	30,286	32,871	30,286
Financial investments	99,233	357,574	99,101	357,456
Loans and advances	535,170	441,261	535,170	441,261
Loans and advances to banks	3,046	8,548	3,046	8,548
Loans and advances to customers	532,124	432,713	532,124	432,713
Other assets	156,019	64,687	155,741	64,516
Equity investment in subsidiaries	-	-	100	100
Property and equipment	23,988	18,004	23,985	18,001
Intangible assets	5,232	819	5,232	819
Right of use assets	2,500	-	2,500	-
Deferred tax assets	10,248	8,398	10,188	8,321
<b>Total assets</b>	<b>1,792,693</b>	<b>1,599,514</b>	<b>1,792,320</b>	<b>1,599,245</b>
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>203,237</b>	<b>172,019</b>	<b>201,340</b>	<b>170,341</b>
Equity attributable to ordinary shareholders	203,237	172,019	201,340	170,341
Share capital	1,875	1,875	1,875	1,875
Share premium	42,469	42,469	42,469	42,469
Reserves	158,893	127,675	156,996	125,997
<b>Liabilities</b>	<b>1,589,456</b>	<b>1,427,495</b>	<b>1,590,980</b>	<b>1,428,904</b>
Trading liabilities	250,203	125,684	250,203	125,684
Derivative liabilities	4,343	4,152	4,343	4,152
Current tax liabilities	7,812	3,217	7,390	2,866
Deposits and current accounts	896,358	999,745	896,786	999,981
Deposits from banks	248,902	160,272	248,902	160,272
Deposits from customers	647,456	839,473	647,884	839,709
Other borrowings	92,165	69,918	92,165	69,918
Debt securities issued	106,658	60,595	106,658	60,595
Provisions	4,148	8,980	4,148	8,980
Other liabilities	227,769	155,204	229,287	156,728
<b>Total equity and liabilities</b>	<b>1,792,693</b>	<b>1,599,514</b>	<b>1,792,320</b>	<b>1,599,245</b>

#### Summary consolidated and separate statement of profit or loss

FOR THE YEAR ENDED	Group		Bank	
	31-Dec-19 N'million	31-Dec-18 N'million	31-Dec-19 N'million	31-Dec-18 N'million
<b>Gross earnings</b>	<b>178,259</b>	<b>169,273</b>	<b>178,828</b>	<b>169,207</b>
<b>Net interest income</b>	<b>69,846</b>	<b>71,705</b>	<b>69,832</b>	<b>71,691</b>
Interest income	113,070	112,452	113,056	112,438
Interest expense	(43,224)	(40,747)	(43,224)	(40,747)
<b>Non-interest revenue</b>	<b>60,444</b>	<b>55,447</b>	<b>61,027</b>	<b>55,395</b>
Net fee and commission revenue	22,503	23,259	22,424	23,234
Fee and commission revenue	27,248	24,633	27,169	24,608
Fee and commission expense	(4,745)	(1,374)	(4,745)	(1,374)
Trading revenue	36,367	31,118	36,357	31,091
Other revenue	1,574	1,070	2,246	1,070
<b>Income before credit impairment charges</b>	<b>130,290</b>	<b>127,152</b>	<b>130,859</b>	<b>127,086</b>
Net impairment (charges) and reversals on financial assets	(1,664)	2,988	(1,664)	2,988
<b>Income after credit impairment charges</b>	<b>128,626</b>	<b>130,140</b>	<b>129,195</b>	<b>130,074</b>
<b>Operating expenses</b>	<b>(70,884)</b>	<b>(76,833)</b>	<b>(72,212)</b>	<b>(78,016)</b>
Staff costs	(30,100)	(32,169)	(29,701)	(31,750)
Other operating expenses	(40,784)	(44,664)	(42,511)	(46,266)
<b>Profit before tax</b>	<b>57,742</b>	<b>53,307</b>	<b>56,983</b>	<b>52,058</b>
Income tax	(5,233)	(2,517)	(4,696)	(2,146)
<b>Profit for the year</b>	<b>52,509</b>	<b>50,790</b>	<b>52,287</b>	<b>49,912</b>
<b>Profit attributable to:</b>				
Equity holders of the parent	52,509	50,790	52,287	49,912
<b>Profit for the year</b>	<b>52,509</b>	<b>50,790</b>	<b>52,287</b>	<b>49,912</b>

#### Consolidated and separate statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED	Group		Bank	
	31-Dec-19 N'million	31-Dec-18 N'million	31-Dec-19 N'million	31-Dec-18 N'million
<b>Profit for the year</b>	<b>52,509</b>	<b>50,790</b>	<b>52,287</b>	<b>49,912</b>
<b>Other comprehensive income:</b>				
Items that will never be reclassified to profit or loss				
<b>Movements in equity instruments measured at fair value through other comprehensive income</b>	<b>384</b>	<b>304</b>	<b>384</b>	<b>304</b>
Net change in fair value	384	304	384	304
Related income tax	-	-	-	-
Items that are or may be reclassified subsequently to profit or loss:				
<b>Movements in debt instruments measured at fair value through other comprehensive income</b>	<b>487</b>	<b>(2,559)</b>	<b>490</b>	<b>(2,559)</b>
Total expected credit loss	(139)	44	(139)	44
Net change in fair value	1,871	(1,819)	1,874	(1,819)
Realised fair value adjustments transferred to profit or loss	(1,245)	(783)	(1,245)	(783)
Related income tax	-	-	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>871</b>	<b>(2,255)</b>	<b>874</b>	<b>(2,255)</b>
<b>Total comprehensive income for the year</b>	<b>53,380</b>	<b>48,535</b>	<b>53,161</b>	<b>47,657</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	53,380	48,535	53,161	47,657

#### Customer complaints and resolution analysis

	Number		Amount Claimed N'000		Amount Refunded N'000	
	Dec '19	Dec '18	Dec '19	Dec '18	Dec '19	Dec '18
Pending complaints at start of year	690	54	9,703	257	N/A	N/A
Complaints received	332,831	161,609	3,557,395	9,444,165	N/A	N/A
Complaints resolved	329,754	161,268	3,533,528	9,434,718	1,201,589	668,775
Unresolved complaints escalated to CBN for intervention	1	5	-	-	N/A	N/A
Unresolved complaints pending with the bank at end of the year	3,771	690	33,571	9,703	N/A	N/A

The full consolidated and separate annual financial statements which can be accessed via <http://reporting.stanbicibtc.com/resultreports.php> were approved by the Board of Directors on 06 February 2020 and signed on its behalf by:

Demola Sogunle  
Chief Executive  
FRC/2013/CIBN/00000001034

Yinka Sanni  
Director  
FRC/2013/CISN/00000001072

Bayo Olujobi  
Chief Financial Officer  
FRC/2015/ICAN/000000012619

#### Board of Directors

\* South African Ben Kruger\*(Chairman), Demola Sogunle (Chief Executive), Wole Adeniyi (Executive),  
\*\* Zimbabwean Andrew Mashanda\*\* (Executive), Bunmi Dayo-Olagunju (Executive), M.Essien (SAN), Zweli Manyathi\*, Simon Ridley\*, Ms.Rabi Isma, Yinka Sanni

#### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stanbic IBTC Bank PLC

Report on the Summary Financial Information

##### Opinion

The summary financial information, which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, are derived from the audited consolidated and separate financial statements of Stanbic IBTC Bank PLC ("the Bank") and its subsidiary companies (together "the Group") for the year ended 31 December 2019.

In our opinion, the accompanying summary financial information is consistent, in all material respects, with the audited consolidated and separate financial statements of Stanbic IBTC Bank PLC and its subsidiary companies, in accordance with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004.

##### Summary Financial Information

The summary financial information do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011 and the Banks and Other Financial Institutions Act, Cap B.3, Laws of the Federation of Nigeria 2004 and other relevant Central Bank of Nigeria guidelines and circulars. Reading the summary financial information and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon.

##### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 11 February 2020. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period.

##### Directors' Responsibility for the Summary Financial Information

The Directors are responsible for the preparation of the summary financial information in accordance with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and the Banks and Other Financial Institutions Act, Cap B.3, Laws of the Federation of Nigeria 2004.

##### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial information is consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

##### Report on Other Legal and Regulatory Requirements

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act, Cap B.3, Laws of the Federation of Nigeria 2004 and Central Bank of Nigeria circular BSD/1/2004

i. The Group and Bank paid penalties in respect of contraventions of the Central Bank of Nigeria guidelines during the year ended 31 December 2019.

ii. Related party transactions are disclosed in the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Signed:  
Kabir O. Okunola, FCA  
FRC/2012/ICAN/00000000428  
For: KPMG Professional Services  
Chartered Accountants  
11 February 2020  
Lagos, Nigeria



The above summary financial statements and report of the independent auditors are published in accordance with the requirements of S.27 of the Banks and Other Financial Institutions Act.