Stanbic IBTC Holdings PLC ("Stanbic IBTC")
Full-year audited group results for the year ended 31 December 2019

Stanbic IBTC Group reports a 5% growth in gross earnings in FY 2019.

LAGOS, NIGERIA – 05 March 2020 – Stanbic IBTC, a member of Standard Bank Group, has announced its audited results for the year ended 31 December 2019.

Speaking from the Group's headquarters in Lagos, Yinka Sanni, Chief Executive Stanbic IBTC, said:

"The year 2019 was indeed a challenging year for the country and our various businesses. The myriad of regulatory directives resulted in increased competition and margin compression. Even so, our businesses remained profitable and the Group is sufficiently capitalized with robust liquidity to withstand economic pressures and drive sustainable growth.

Our financial results were largely in line with market guidance. We achieved double digit growth in both assets under management (AuM) and loans. Loan-to-deposit ratio was 67.5%, above the regulatory minimum of 65% as at 31 December 2019. Non-performing loans ratio was 3.9%, similar level with prior year and within acceptable limit of 5%. Low-cost deposits ratio improved to 71% from 59% in 2018 as we continued to exit expensive deposits while growing cheap deposits. Net interest income was essentially flat year-on-year dampened by pressures on asset pricing despite the strong growth in loans. Non-interest revenue benefited from improved transactional volumes through the digital channels, returns from AuM accretion, improved FX flows from foreign investors and trades with corporate clients at the I&E FX market. The Group's total assets grew by 13% aided by the growth in loans and financial investments portfolio. Our Personal & Business Banking division contributed to profit yet again with a significant improvement in profit after tax year-on-year. Cost of risk was 0.2% compared to the writeback in prior year due to a non-occurrence of a significant recovery, however it is still well below our guidance of 3%. Our sustained focus on cost containment coupled with revenue growth during the year yielded an improvement in cost-to-income ratio of 50.4% from 52.9% in 2018.

While we look to 2020 with great optimism, we are fully aware of the challenging macro-economic and regulatory headwinds that we must 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 management, digitisation and client centricity in accelerating growth in 2020."

Financial highlights

Income Statement

- Gross earnings of N233.8 billion, representing 5% increase (December 2018: N222.4 billion)
- Net interest income of N77.8 billion, down 48 bps (December 2018: N78.2 billion)
- Non-interest revenue of N108.8 billion, up 6% (December 2018: N102.6 billion)
- Total operating income of N186.6 billion, up 3% (December 2018: N180.8 billion)
- Profit before tax of N90.9 billion, up 3% (December 2018: N88.2 billion)
- Profit after tax of N75.0 billion, up 1% (December 2018: N74.4 billion)
- Cost to income ratio of 50.4% (December 2018: 52.9%)

Financial Position

- Total assets increased by 13% to N1,876.5 billion (December 2018: N1,663.7 billion)
- Gross loans & advances up 21% to N556.4 billion (December 2018: N458.9 billion)
- Gross non-performing loans increased by 18% to N21.6 billion (December 2018: N17.7 billion)
- Gross non-performing loan to total loan ratio of 3.9% (December 2018: 3.9%)
- Customer deposits decreased by 21% to N637.8 billion (December 2018: N807.7 billion)
- Return on average equity declined to 27.3% (December 2018: 34.5%)

Highlights across all three divisions

- **Personal and Business Banking (PBB)** (Banking and other financial services for individuals and small-to-medium sized enterprises): Gross earnings of N64.0 billion, up 8% (December 2018: N59.3 billion). Commenting on the Division's performance, ***Wole Adeniyi***, **Executive Director Stanbic IBTC Bank** said: *"PBB delivered profit after tax of N2.3 billion, a significant improvement from prior year's position. The 2019 profitability resulted mainly from the growth in net interest income on the back of loan growth. We launched an instant credit solution named EZ cash loan and advance, which grants credit to pre-approved customers in less than one minute. This, among others supported the growth in the loan book. The disciplined execution of our digital strategy has seen customers increasingly adopting and transacting on our digital platforms and we continued to collaborate with Fintech players to position us for early adoption of innovative solutions. Digital transactional volumes grew by 38% between FY 2019 and FY 2018 as customers continued to migrate to our digital platforms rapidly. This translated into a year-on-year growth of 65% in electronic banking fees. Our disciplined cost management initiatives constrained cost growth even as staff costs declined year-on-year. In line with our disciplined credit management approach, provisions were made on some delinquent loans, which led to increased credit impairment charges of N2.2 billion. Our focus areas in 2020 include accelerating customer growth whilst addressing customer pain points to improve customer satisfaction, growing transactional velocity across all segments, improving operational efficiency through effective channel management and implementation of more cost reduction initiatives, ultimately delivering decent returns."*

- **Corporate and Investment Banking (CIB)** (Corporate and investment banking provide services to larger corporates, financial institutions and international counterparties): Gross earnings relatively flat at N114 billion. Commenting on the performance, ***Andrew Mashanda,*** **Executive Director Stanbic IBTC Bank** said: *"Against a challenging macro and increasingly competitive environment, the CIB business delivered profit after tax of N50 billion, a marginal contraction from prior year level underpinned by strong growth in customer loans and increase in non-interest revenue. Interest income declined year-on-year despite the strong growth in loans and this can be attributed to significant margin compression amid increased competition for quality loans and resultant decline in market rates. Interest expense growth was due to the expensive term borrowings on our book. Credit impairment charge was a write-back of N535 million, 85% lower than prior year's write-backs. This is due to absence of the significant impairment write-back as seen in 2018. CIB's operating expenses decreased by 14% as both staff costs and other operating expenses decreased year-on-year. Non-performing loans ratio was 0.8% from 0.6% in 2018 as we continued to focus on quality loan disbursements. Our leading investment banking business successfully advised clients on 49 investment banking transactions in 2019, including acting as the lead financial adviser to MTN's listing by introduction on The Nigerian Stock Exchange, among others and was awarded numerous domestic and international awards in the course of the year in recognition of its market leadership in investment banking. Our stockbroking business remains Nigeria's largest stockbroking firm in terms of transaction value – with a market share of 17.5% in 2019. Our custody business closed the year with assets under custody of N5.3 trillion, the largest in the industry. Our immediate focus is to continue to grow quality loans while reducing cost of funds to compensate for the persistent pressure on margins".*

  Wealth (Investment management in the form of asset management, pension fund administration, insurance brokerage, trustee and estate planning services): Gross earnings growth of 7% to N50.5 billion (December 2018: N47.4 billion). ***Eric Fajemisin,*** **Chief Executive Stanbic IBTC Pension Managers** said: *"Despite the headwinds of 2019, the Wealth business continued to maintain its leadership position across various segments of the market. Several regulatory initiatives commenced in the pension industry during the year including; the Micro Pension Scheme for the informal sector, the mandatory Data Recapture Exercise (DRE) and Industry transition into the Enhanced Contribution Registration System in readiness for the Transfer Window and improving data quality. Non-interest revenue benefited from growth in assets under management but was however moderated by further implementation of the multi-year fee lowering in Retirement Savings Accounts ("RSA") management fee rate from 1.43% to an average 1.33%.*

  The asset management business launched an ethically compliant fixed income fund, the Shariah fixed income fund, which was oversubscribed during the offer period. The business also deployed a Robo-advisory tool, "Invest Beta", a web-based investment support solution that helps clients invest intelligently by matching their risk appetite with the Mutual Fund that meets their risk profile. Our US Dollar Mutual Fund remained the largest dollar denominated Mutual Fund. Our trusteeship business crossed significant milestones in its offerings. In our insurance brokerage business, *we witnessed significant growth in premiums as we expanded our distribution network and deepened our collaboration with existing partners. Overall, Wealth remained the largest institutional asset management franchise and wealth manager in Nigeria with assets under management of close to N4 trillion. Our pension and non-pension asset management businesses maintained their market leadership positions both in terms of assets under management (AUM), number of Retirement Savings Accounts (RSAs), mutual funds customers and product offerings.*

Customer experience and value creation will be our focus areas in 2020. We will focus on data quality improvement initiatives as well as increasing digitization level of our processes and products to improve the overall customer experience. We are fully prepared for the transfer window in the Pension space. We will increase transactional and processing efficiencies and enhance our distribution network to conveniently serve our clients better".

Capital and liquidity

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.

The Group maintained a strong and diversified funding base in 2019. The Group's liquidity ratio was above the regulatory minimum requirement of 30% and indicates the Group's sound position to continue meeting its liquidity obligations in a timely manner.

If you have any query, please do not hesitate to contact the undersigned on the numbers listed below.

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About Stanbic IBTC Holdings PLC

Stanbic IBTC Holdings is a member of Standard Bank Group. Standard Bank Group is Africa's largest banking group ranked by assets and earnings and has been in business for over 150 years.

With a controlling stake of 65.70% in Stanbic IBTC Holdings PLC, Standard Bank Group employs over 50,000 people (including Liberty) worldwide; operates in 20 Sub-Saharan African countries including South Africa and has operations in 5 key financial centers outside Africa, including London, Sao Paulo, Dubai, New York and Beijing.

Stanbic IBTC Holdings' strategy is to position itself as the leading end-to-end financial services solutions provider in Nigeria. The Group offers expert services in three business areas - Corporate and Investment Banking; Personal and Business Banking and Wealth Management.

With a team of experienced and customer-focused staff, Stanbic IBTC offers services which include specialised finance, trade finance, stockbroking, trusteeship, global markets, custodial services, asset and pension management, foreign exchange, lending, savings and investment products.

More information can be found at www.stanbicibtc.com