



Earnings Update: STANBIC IBTC PLC

Disappointing Earnings on the Back of Weak Income Lines

06 September 2021

THINGS WE LIKE ABOUT THE RESULT

1. Growth in Net Fee and Commission Income by 17.9% to ₦41.3 billion in Q2-2021 from the ₦35.1 billion recorded in the corresponding period in 2020.
2. Loans and Advances advanced by 21.3% to ₦767.8 billion compared to the ₦632.9 billion recorded in 2020.
3. Financial Investments increased by 6.32% to ₦650.9 billion versus the ₦612.3 billion in 2020 due to the 13.3% and 3.7% increase in Treasury Bills and unlisted equities investment.

THINGS WE DID NOT LIKE ABOUT THE RESULT

1. Interest Income fell by 19.8% to ₦44.2 billion from ₦55.1 billion in Q2-2020 due to a steep decline in Interest on Loans and Advances to Banks (-62.4%) and Interest on Investment (-55.3%).
2. Despite the 35.4% decline in Interest Expense, Net Interest Income fell by 12.4% to ₦32.9 billion from the ₦37.5 billion recorded in Q2-2020.
3. Trading Revenue dropped by 84.0% due to a sharp decline in Fixed Income and Currencies Revenue.
4. Other Operating Expenses increased by 22.8% largely due to a 32.5% increase in AMCON Expenses to the tune of ₦13.0 billion from ₦9.8 billion and a 47.34% increase in Marketing and Advertising expenses to ₦1.2 billion from the ₦811.0 million posted in Q2-2020.
5. Profit Before Tax fell by 52.9% to ₦24.7 billion from the ₦52.4 billion in Q2-2020.
6. Despite the 69.9% decline in Income Tax charge, Profit After Tax still fell by 50.1% to ₦22.5 billion from the ₦45.2 billion posted in Q2-2020.

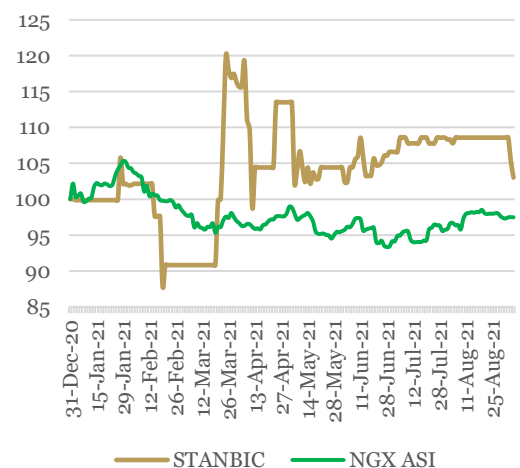
Kindly click [here](#) for the full financial statement.

Disclaimer

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TICKER	STANBIC
Price (₦) at 06 Sep 2021	39.20
Shares Outstanding	12,956,997,163
P/E	4.83
Exit Price 1 (₦)	39.75
Exit Price 2 (₦)	39.00
Entry Price 1 (₦)	38.90
Entry Price 2 (₦)	38.44
Expected Return 1 (%)	2.19%
Expected Return 2 (%)	1.46%
Rating	SELL

REBASED PRICE MOVEMENT IN STANBIC & NGX ASI



Source: Investing, PSL Research

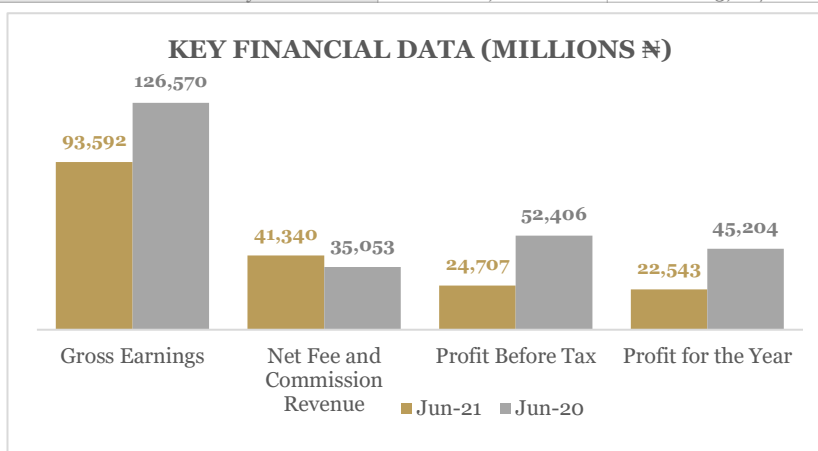


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INCOME STATEMENT	H1-2021	H1-2020	Change (%)
Gross Earnings	93,592	126,570	-26.06%
Net interest income	32,879	37,549	-12.44%
Interest income	44,229	55,130	-19.77%
Interest expense	-11,350	-17,581	-35.44%
Non-interest revenue	45,909	69,796	-34.22%
Net fee and commission revenue	41,340	35,053	17.94%
Fee and commission revenue	44,794	36,697	22.06%
Fee and commission expense	-3,454	-1,644	110.10%
Trading revenue	5,473	34,260	-84.03%
Other income	-904	483	-287.16%
Income before credit impairment charges	78,788	107,345	-26.60%
Net impairment writeback/(loss) on financial instruments	1,284	-6,404	-120.05%
Income after credit impairment charges	80,072	100,941	-20.67%
Operating expenses	-55,365	-48,535	14.07%
Staff costs	-20,200	-19,907	1.47%
Other operating expenses	-35,165	-28,628	22.83%
Profit before tax	24,707	52,406	-52.85%
Income tax credit/(charge)	-2,164	-7,202	-69.95%
Profit for the year	22,543	45,204	-50.13%

BALANCE SHEET	H1-2021	Dec-2020	Change (%)
Cash and balances	521,401	627,111	-16.86%
Loans and advances	767,817	632,967	21.30%
Loans and advances to banks	8,222	7,828	5.03%
Loans and advances to customers	759,595	625,139	21.51%
Financial investments	650,958	612,276	6.32%
Other Asset	140,081	175,980	-20.40%
Total assets	2,427,364	2,486,306	-2.37%
Trading liabilities	160,550	188,500	-14.83%
Deposit and current accounts	1,350,926	1,325,566	1.91%
Total liabilities	2,080,923	2,107,705	-1.27%
Total shareholders' equity	346,441	378,601	-8.49%
Total liabilities and equity	2,427,364	2,486,306	-2.37%

CASH FLOW STATEMENT	H1-2021	H1-2020	Change (%)
Net cash flows generated from operations	51,416	188,723	-72.76%
Net cash used in investing activities	-56,021	-94,804	-40.91%
Net cash used in financing activities	-57,118	-32,016	78.40%
Cash and cash equivalents at the end of the year	182,820	263,007	-30.49%



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