



STANBIC HOLDINGS PLC

Financial Results Presentation

For the six months period ended

30th June 2023



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1.

Operating Environment



KES

1.15

INTERIM DIVIDEND PER SHARE

JUNE 2022: Nil



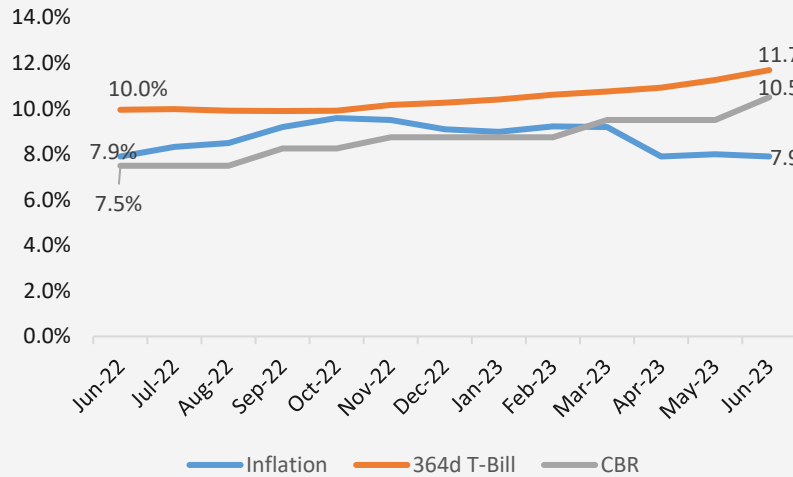
Patrick Mweheire

Chief Executive, Stanbic Holdings Plc

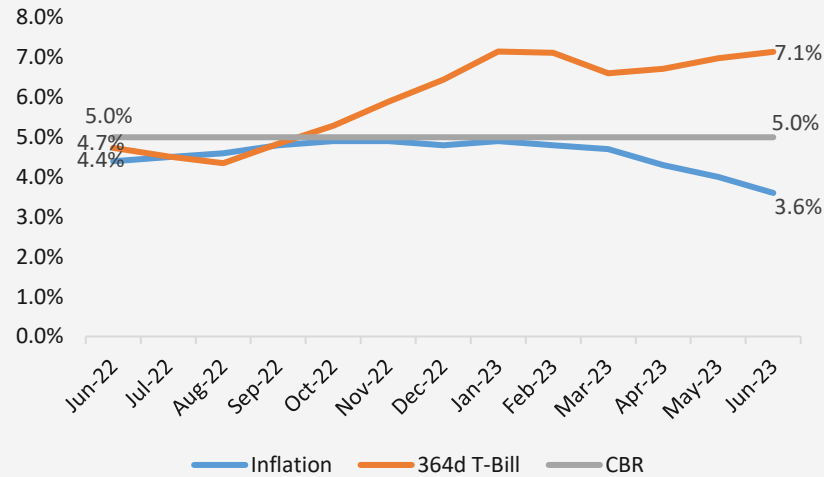
OPERATING ENVIRONMENT – GLOBAL AND REGIONAL OVERVIEW



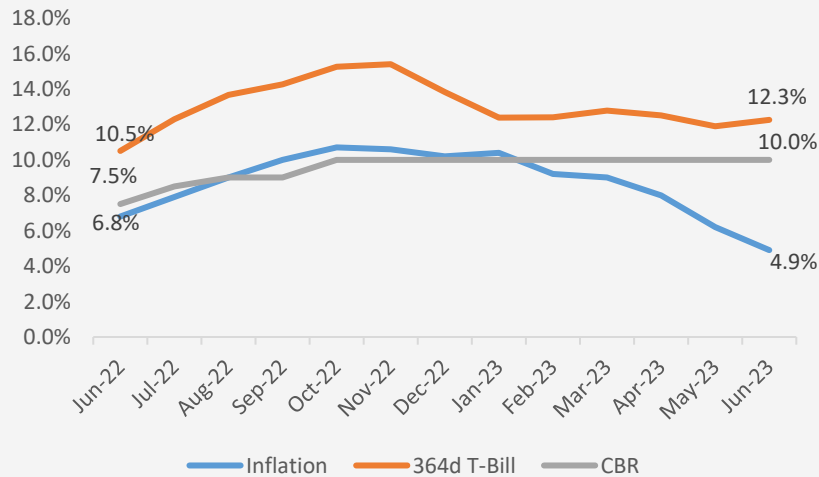
Kenya



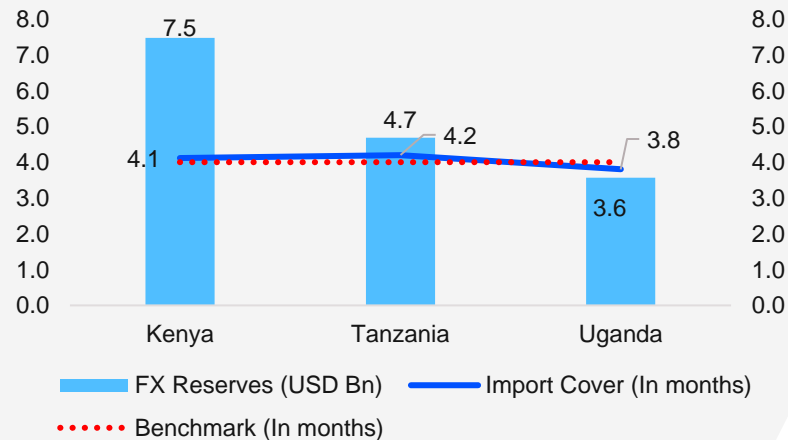
Tanzania



Uganda



FX Reserves & Import Cover (Months)



Global landscape

- **Geopolitical Matters:**
 - Persistent Russia-Ukraine conflict
 - China-Taiwan conflict - Elevated hostilities
 - Sudan conflict – Breakout of war in April 2023, not yet resolved
- **Tapering Inflation:** After a period of elevated inflation, global headline inflation fell from 8.7% in 2022 to 6.8% in 2023 (IMF)
- **Growth:** Global GDP growth to slowdown in 2023 to 3.0% with weakness continuing in 2024
- **Tightening monetary policy** - Rising interest rates in developed markets impacting dollar liquidity in emerging markets

Regional landscape

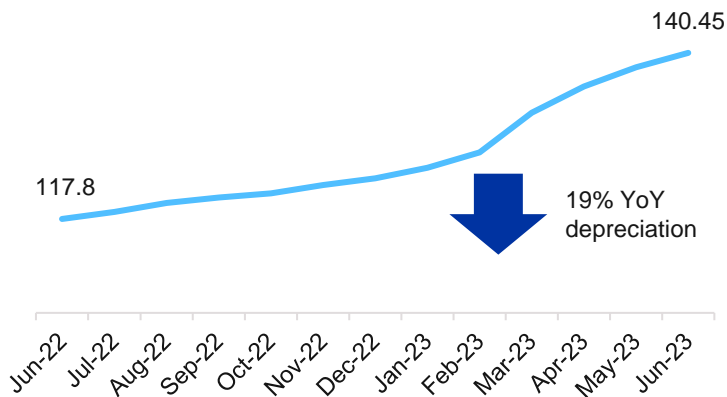
- **Inflation tapering** across the markets (Kenya, Tanzania and Uganda)
- **Pressure on FX reserves** with Forex reserves in Uganda coming below 4-month benchmark



OPERATING ENVIRONMENT - KENYA OVERVIEW



USD-KES Exchange rate trend



RISING INTEREST RATES

- **CBR hikes:** Central Bank rate (CBR) raised by **100bps**. Cumulative increase over the last one year of **300bps**
- **T-Bill Rates:** Interest rates are rising as investors are increasingly looking for high returns. 91-day up **>380bps** for the last 12 months
- **Private Sector Credit Growth** is expected to decline as rates increase

GDP

- The Kenyan economy grew by 5.3% in Q1 2023 compared to 6.2 % in Q1 2022. The growth was largely supported by rebound in agriculture, growth in Accommodation and Food Service, Information and Communication Technology, Transportation, Financial and Insurance, and Wholesale and Retail Trade.
- GDP is expected to grow by 5% in 2023 (IMF)

INFLATION

- **Inflation:** Tapering but above the Central Bank range of 2.5% to 7.5% as at end of June 2023
- New tax measures to impact cost of living

CURRENCY AND FX RESERVES

- **Kenya shilling** lost close to 1/5th of value year on year

2.

Delivering Our Strategy



RETURN ON EQUITY

20.5%

UP 472 bps



Dr. Joshua Oigara

Chief Executive, Stanbic Bank





2023 IS THE FINAL YEAR OF OUR 3 YEAR STRATEGY

Delivering our strategy : Recap of our strategy

Our Purpose

Kenya / South Sudan is our home, we drive her growth

Our Vision

To be a leading financial services organisation in Kenya and South Sudan, delivering exceptional client experiences and superior value

Our strategic priorities:

What we need to do to deliver our purpose

Transform client experience

Execute with excellence

Drive sustainable growth and value

Our Technology priorities:

The platforms we need to deliver on our purpose

Always On – Always Secure

Future proof platforms

Automation & Digitization

Our culture priorities:

How we need to behave to deliver our purpose and people promise

Embed Agile Ways of Work

5Cs: Client First, Care for Colleague, Collaboration, Courage, Continuous Innovation & Entrepreneurship Mindset

iDEWS: Innovate, Decide, Execute, Work as a team, Share Information

Our success measures:

6 value drivers





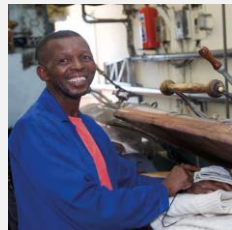
DELIVERING OUR STRATEGY – TRANSFORM CLIENT EXPERIENCE



STRENGTHENING THE CORE

ACCELERATED ACCESS TO BANKING

OUTCOMES



SMEs

- Loans issued valued at KES 22b (June 2022: KES 15b)



D.A.D.A (Women Support)

- Loans issued: KES 8.4b (2022: KES 6.9b)
- Since inception: KES 13.6b



Infrastructure

- Loans issued: KES 1.2b (June 2022: KES 5.0b)



Affordable Housing

- Loans issued: KES 219m (June 2022: 156m)
- Cumulative: Kes 487m



Chama App

- 31,518 users
- KES 1.2m loans issued



Self service centres

- Opened in Kisumu



Post Bank Partnership –Agency banking

- Agent outlets – 874 (June 2022: 206)

Growth in customer base

- 12% growth** in total customer base year on year
- 9% growth** in primary customer base year on year

Customer engagement

- CSI : **8.4** out of 10, target >8.5
- NPS : **25** , target >45



- Best Investment Bank in Kenya (5 times in a row) **Euromoney Awards for Excellence 2023**
- Best Investment Bank in Kenya 2022 **Global Finance Awards 2022**
- Best Investment Advisor of the Year at the 2022 **DealMaker Awards**
- East Africa Investment Bank of the Year 2023 **Bonds, Loans & ESG Capital Markets Africa Awards**
- Best CSR Bank in Kenya **Global Brands magazine**
- Best Sub Custodian Bank 2023 **Global Finance magazine**



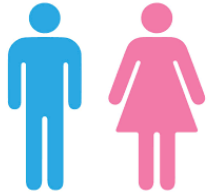


DELIVERING OUR STRATEGY – EXECUTING WITH EXCELLENCE



EMPLOYEE ENGAGEMENT

Employee Engagement



Diversity & inclusion

- Male : Female – 52:48
- Differently Aabled – 0.6%
- Youth – 41%

Empowering our people

- Training hours per employee – 21.7hrs, target 20hrs
- 28% of learning hours spent on future ready skills
- 3 Leadership capacity building sessions held
- 54% of roles were internal hires



Employee engagement

- Top 120 leaders summit
- Connect sessions held every two months

OPERATIONAL EXCELLENCE

Operational Excellence



Digital Lending (inc. Mjeki)

- Instant loans: KES 23b (June 2022: KES 16b)



Customer Onboarding

- 98% accounts opened digitally



Tech connect account

- Convenient and easy banking for technology companies / start ups

MANAGING RISK



- Geopolitical tensions (Global and local)



- Technology and Cyber risk



- Elevated credit risk (Macro pressure)



DELIVERING OUR STRATEGY - DRIVING SUSTAINABLE GROWTH



Financial Inclusion & Enterprise Development



- **KES 43m** in grants and catalytic funding disbursed to **490 MSMEs**. Cumulative – KES 199m disbursed
(In partnership with strategic partners)
- **KES 8.4b loans issued** to D.A.D.A (women)
Cumulative KES 13.6b issued

Education



- Gatina primary feeding program
 - **>1500** needy children fed daily - 95 days of feeding in 2023
 - **>142k** meals served in 2023
- Employee volunteerism - **Over 200** Stanbic employees participated in volunteer programs
- **20** computers donated for the Digital skills training
- **952** MSMEs trained
- **69** MSMEs coached

Climate change and Sustainable finance



- **Blue Economy** Programme rolled out
- **Over 200** MSMEs trained on ESG
- **97% (21.5kgs)** of waste recycled
- **61** new clients screened for E&S risks
- **USD 100m** financing to green projects
- Compliant with CBK Climate Risk guidelines



3.

Delivering Sustainable Returns



KES.

7.1B PROFIT AFTER TAX
UP 47%



Dennis Musau

Chief Financial and Value Officer



INCOME STATEMENT HIGHLIGHTS



**KES
21.0b**

Revenue
2022: KES 15.2b
↑ 38%

6.2%

Net interest margin
2022: 4.98%
↑ 122 bps

41.6%

Cost to income
2022: 48.2%
↓ 663bps

**KES
7.1b**

Profit after tax
2022: KES 4.8b
↑ 47%

20.5%

Return on Equity
2022: 15.8%
↑ 472 bps

**KES
17.84**

Earnings per share
2022: KES 12.13
↑ 47%

2.18%

Credit loss ratio
2022: 1.08%
↑ 110bps

**KES
1.15**

Interim Dividend per share
2022: Nil
↑ 100%

STRONG GROWTH MOMENTUM IN OUR PERFORMANCE



Key highlights

The Group (Kenya Bank, South Sudan Branch, SBG Securities and Stanbic Insurance Agency Limited) reported a profit after tax of KES 7.1b;

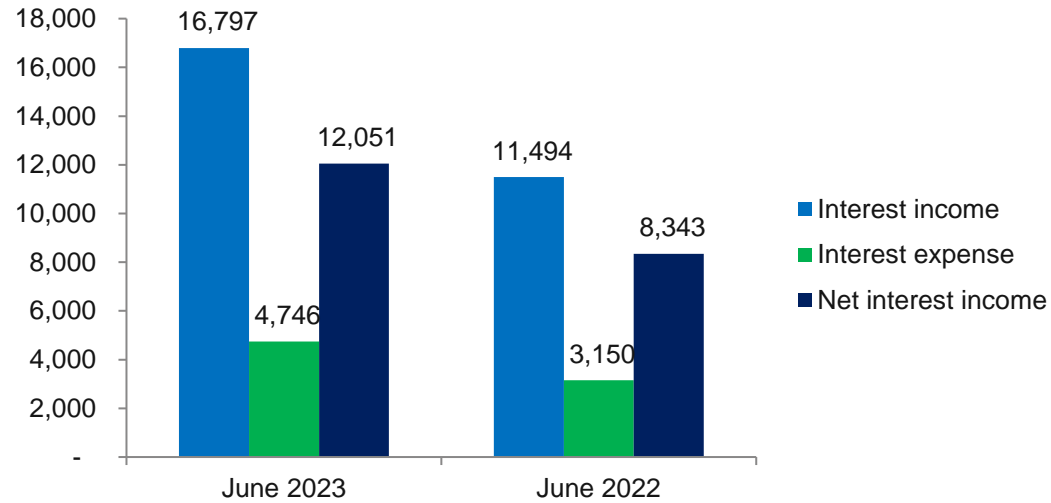
- Improvement in Net Interest Income on the back of growth in the lending book and improved margins
- Growth in non-interest income mainly driven by growth in trading revenue on increased volumes and better margins as well as Investment banking fees and mobile banking fees
- Increase in credit impairment charges mirroring tough operating environment
- Costs growth reflecting the high inflationary pressure coupled with investment in better technology to enhance client experience, investment in people, business growth and key investments to support our strategy

	June 2023 KES m	June 2022 KES m	% Change
Net interest income	12,051	8,343	44%
Non-interest revenue	8,899	6,860	30%
Total income	20,950	15,203	38%
Operating expenses	(8,718)	(7,335)	(19%)
Pre-provision profit	12,232	7,868	55%
Credit impairment charges	(2,497)	(1,261)	98%
Profit before tax	9,735	6,607	47%
Tax	(2,683)	(1,811)	48%
Profit after tax	7,051	4,796	47%

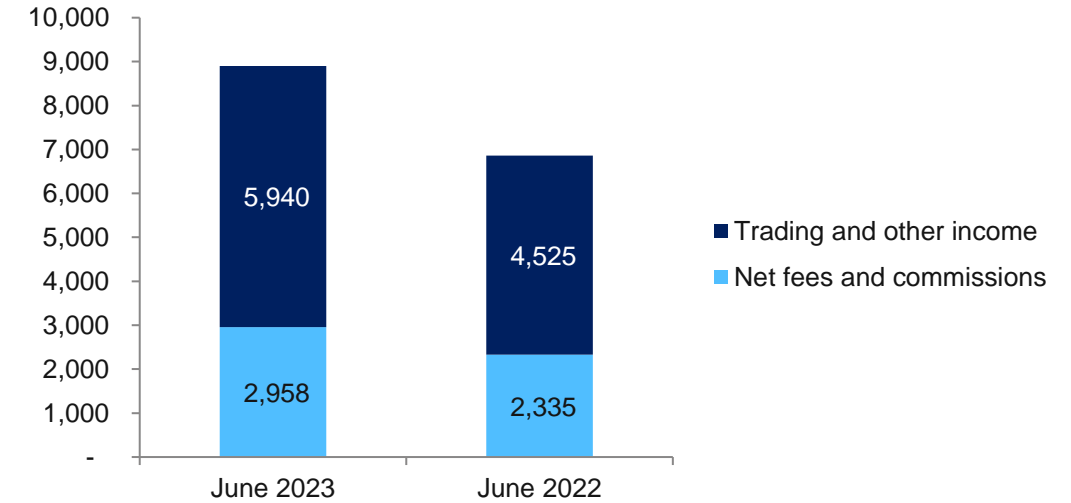


STEADY GROWTH IN ALL INCOME LINES

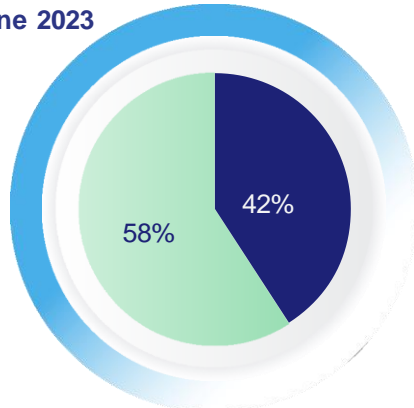
KES Millions



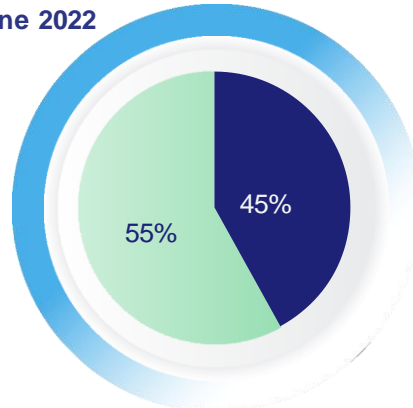
KES Millions



June 2023



June 2022



● Non-Interest income
● Net interest income

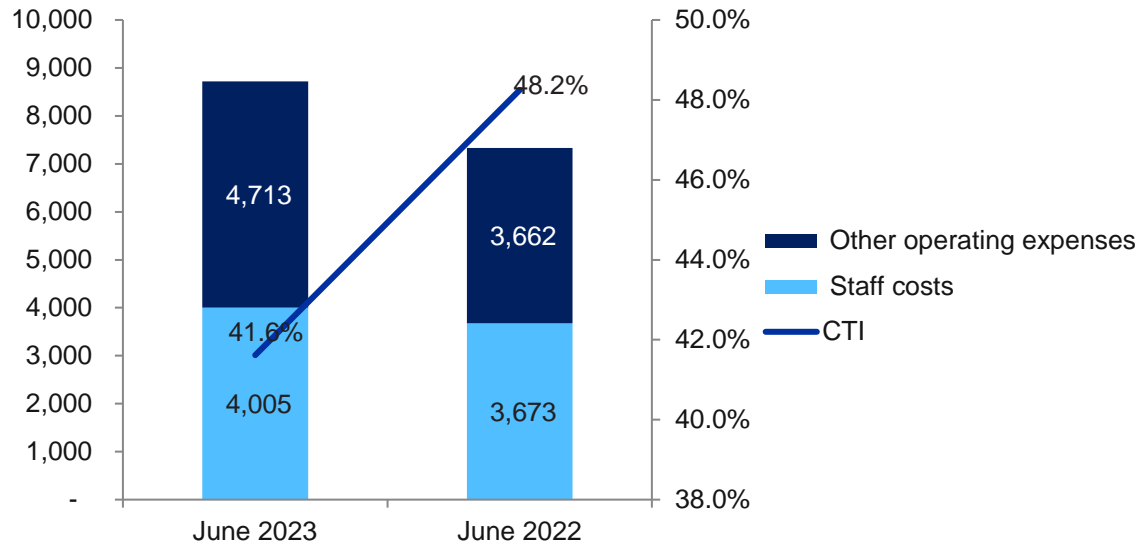
Key Takeouts

- Net interest income increased year on year by 44% mainly explained by growth in the lending book, improved margins and managing cost of funds
- Growth in trading and other income due to higher margins and increase in client flows
- Fees and commission boosted by key investment banking deal and fees from digital channels

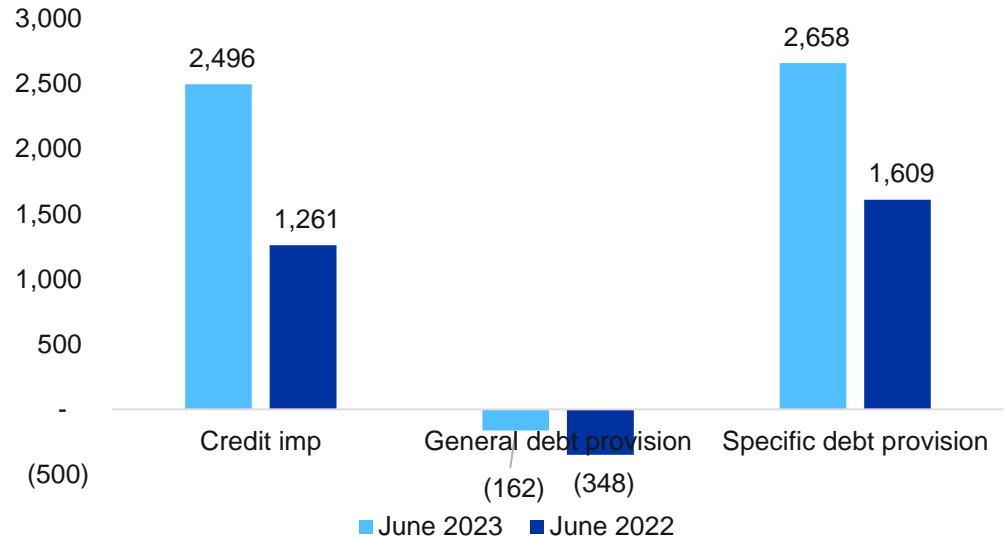


OPERATING EXPENSES AND CREDIT IMPAIRMENT

KES Millions



KES Millions



Key Takeouts

- Operating costs: driven by investment in people, technology and business growth
- Decline in cost to income ratio due to revenue growing faster than costs

Key Takeouts

- Growth in impairment charges mainly within Corporate and Investment Banking, provisions for Business and Commercial Banking tall trees and additional provisions for Unsecured personal loans and mortgages in Personal and Private Banking



BALANCE SHEET HIGHLIGHTS



**KES
384b**

Total assets
2022: KES 342b
↑ 13%

**KES
244b**

Customer loans
2022: KES 217b
↑ 12%

**KES
259b**

Customer deposits
2022: KES 236b
↑ 10%

9.23%

NPL ratio
2022: 10.36%
↓ 113bps

35.8%

Liquidity ratio *(Bank)
Statutory minimum: 20%
●

17.4%

Total capital ratio *(Bank)
Statutory minimum: 14.5%
●



GROWTH IN KEY PERFORMANCE DRIVERS

KES millions	2023	2022	Change %
Assets			
Financial investments	54,726	52,570	4%
Loans and advances to banks	37,353	26,943	39%
Loans and advances to customers	244,034	217,097	12%
Other assets	48,167	44,969	7%
Total assets	384,280	341,579	13%
Liabilities			
Deposits from banks	26,821	22,582	19%
Deposits from customers	258,559	235,649	10%
Borrowings	12,335	6,040	104%
Other liabilities	22,614	19,118	18%
Total liabilities	320,329	283,389	13%
Equity			
Total equity	63,951	58,190	10%
Liabilities and equity	384,280	341,579	13%

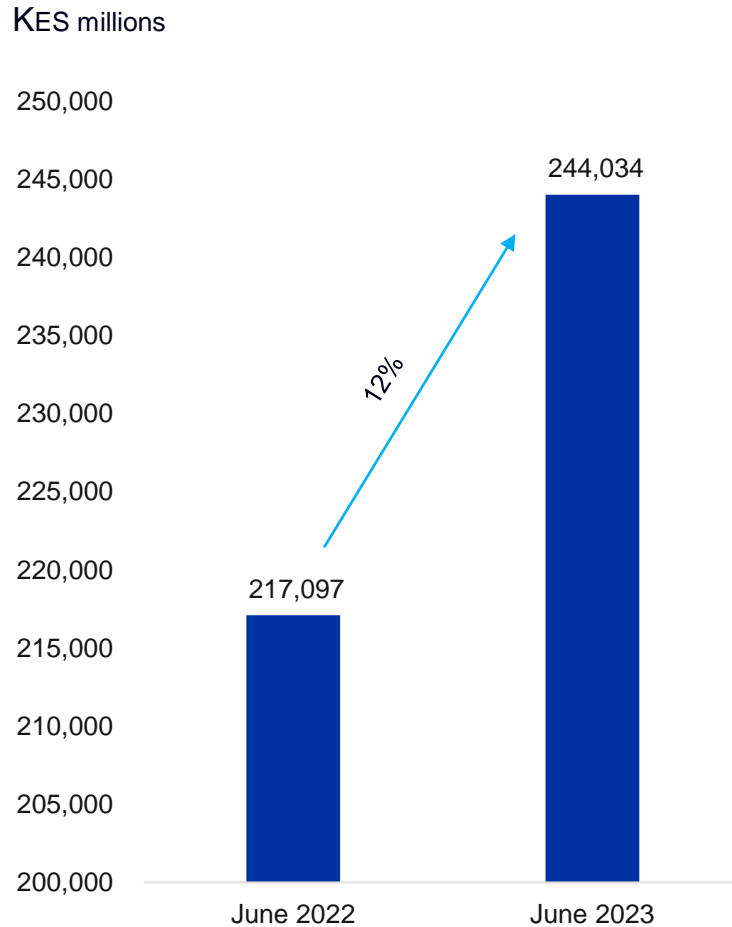
Key highlights

- Strong growth in customer loans with a 12% YoY growth underpinned by demand in manufacturing, agriculture and trade sectors as we continue to support our customers
- Strong growth in customer deposits demonstrating the trust our customers have in us

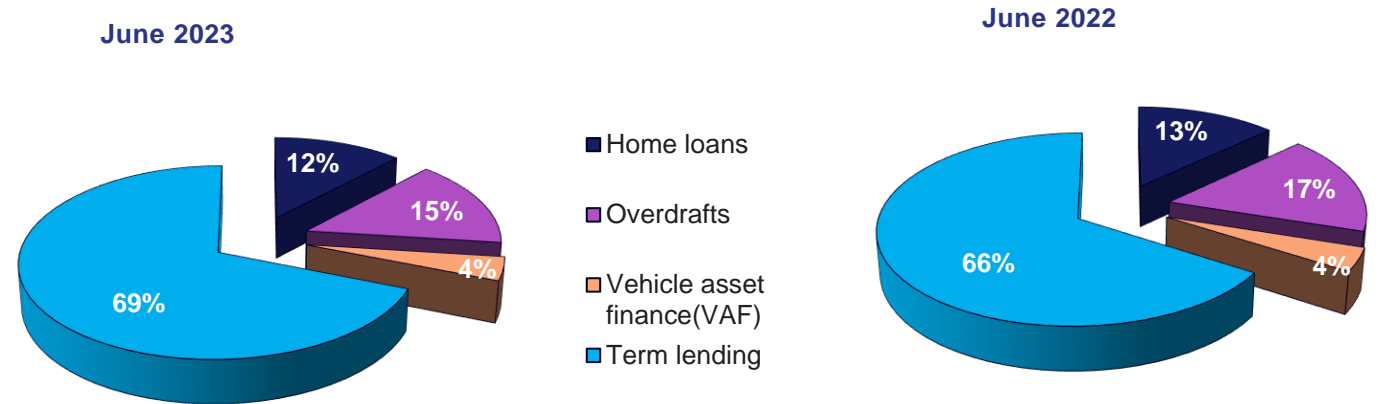
DOUBLE DIGIT LOAN BOOK GROWTH



Net Loans and advances to customers



Loans and advances by product



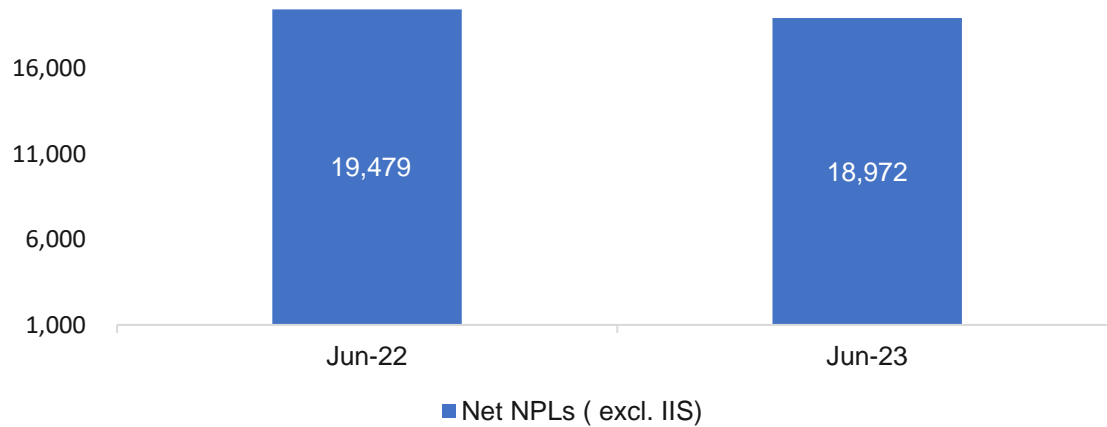
Key Takeouts

- Loan growth mainly from manufacturing, agriculture and trade sectors

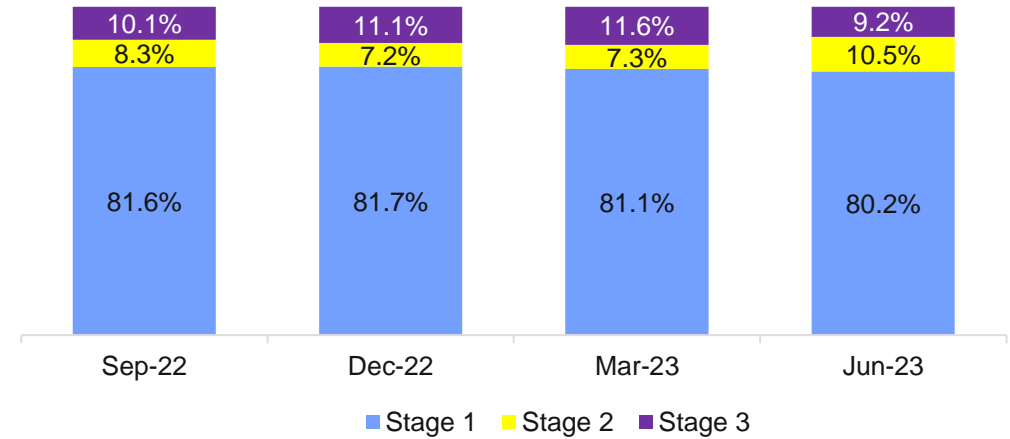


ASSET QUALITY: SUSTAINED IMPROVEMENT IN LOAN BOOK QUALITY

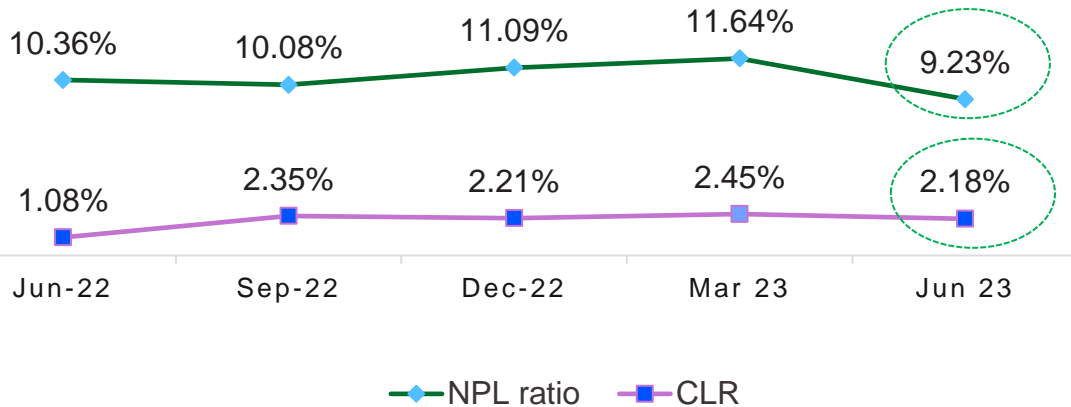
GROSS NPLs (LESS INETEREST IN SUSPENSE)



Trend for loan book quality



NPL ratio and CLR



Key Takeouts

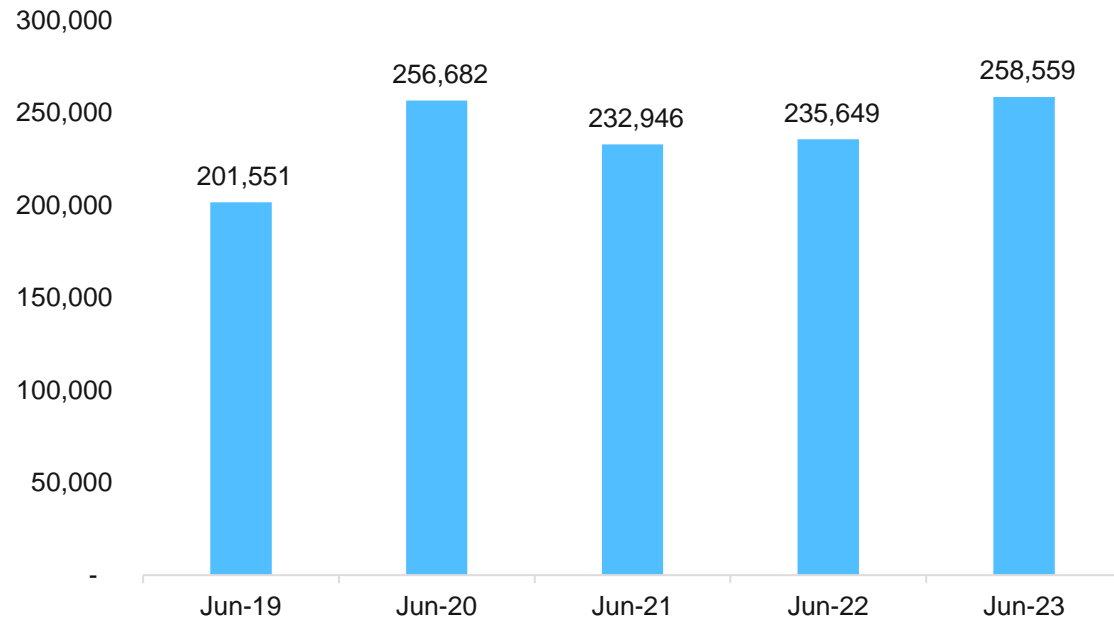
- NPLs below industry level of 14.9%
- Healthier loan book with 90.7% of the book classified as performing loans compared to 88.4% reported in Q1 2023
- Discounted value of security and provisions held adequate to cover for NPLs

DEPOSITS



Customer Deposits

KES millions

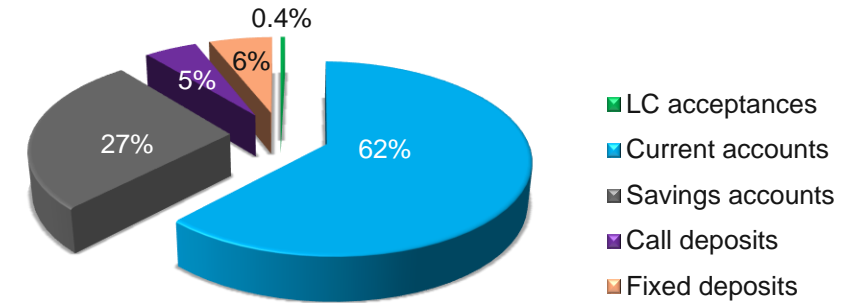


Key Takeouts

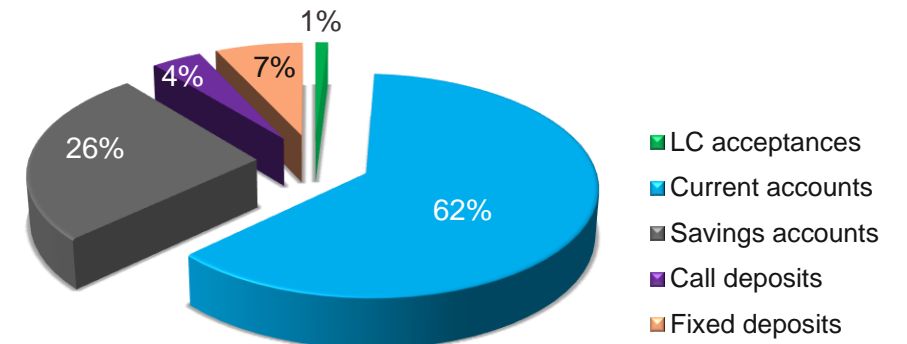
- Customer deposits grew by 10% year on year with core accounts accounting for 89% of total deposits

Customer Deposits by products

June 2023



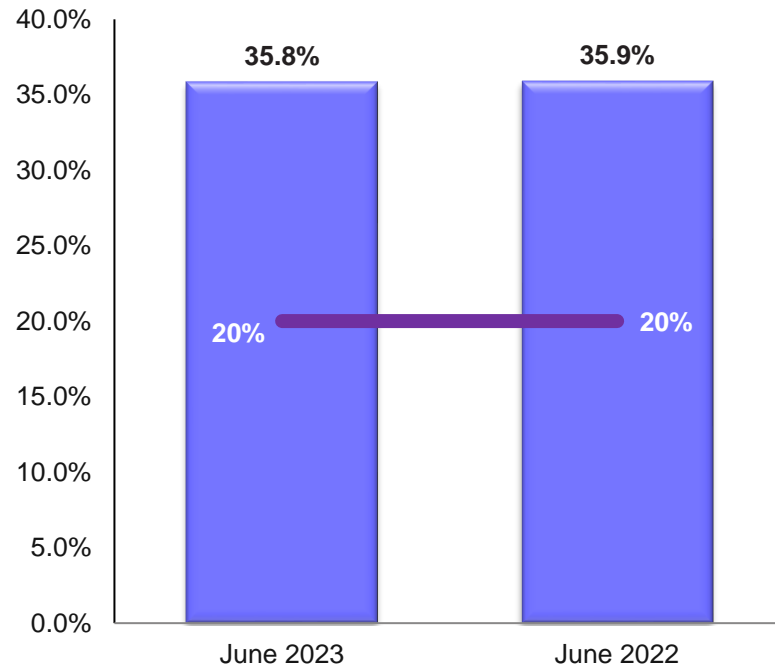
June 2022





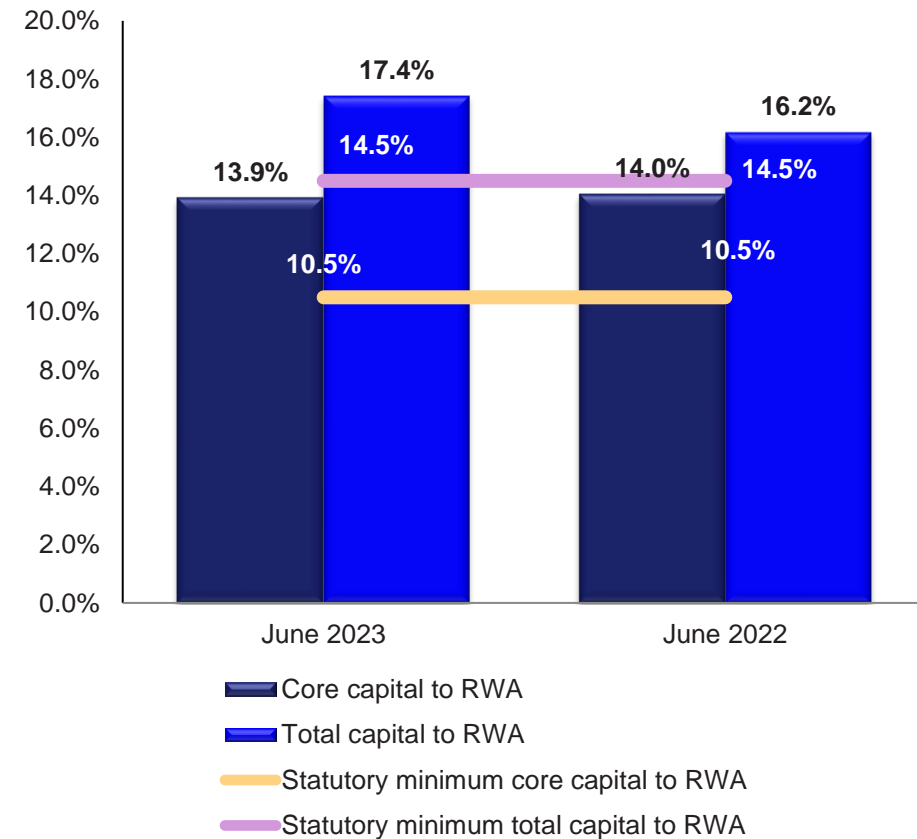
LIQUIDITY AND CAPITAL REMAIN SOLID TO SUPPORT GROWTH

Liquidity Ratio (Bank only)



Capital Adequacy Ratio (Bank only)

RWA - Risk weighted Assets





Subsidiary and branch performance

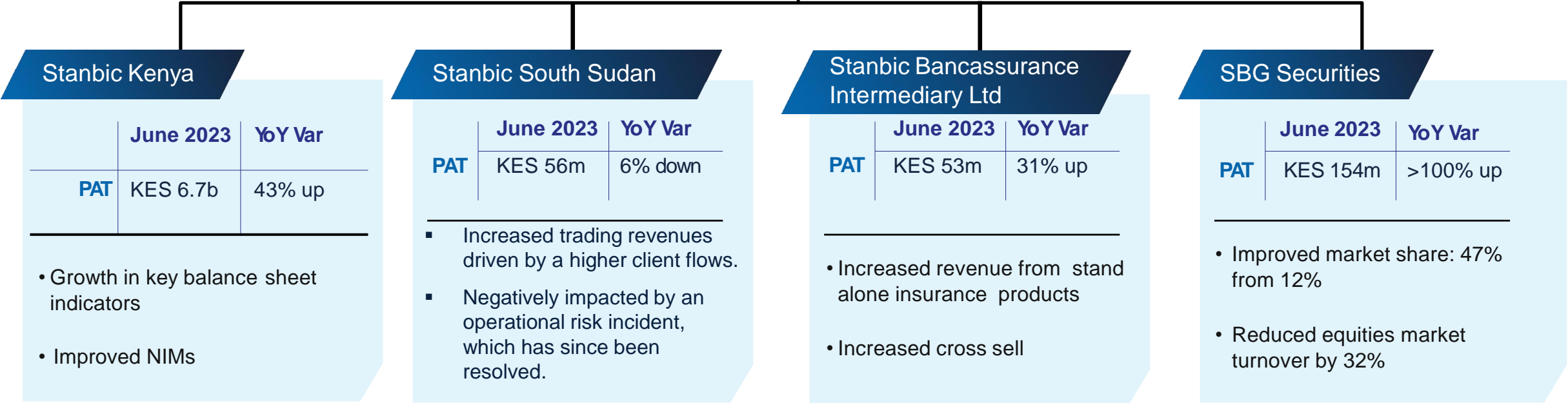
Dennis Musau

Chief Financial and Value Officer





Stanbic Holdings Plc
PAT: 7.1b
47% up





	June 2023 KES m	June 2022 KES m	Change %
Net interest income	4	3	28%
Fees and commission	144	142	1%
Total income	148	145	2%
Total expenses	(71)	(86)	(18%)
Profit before tax	77	59	30%
Tax	(24)	(19)	29%
Profit after tax	53	41	31%

Key Takeouts

This performance reflects:

- Increase in volume of business placed with insurance companies
- Increased uptake on standalone insurance products and revenue from embedded insurance solutions



SUMMARY PERFORMANCE OF SBG SECURITIES

	June 2023 KES m	June 2022 KES m	Change %
Brokerage commission	52.2	57.5	(9%)
Other revenue	234.2	55.7	>100%
Total income	286.5	113.2	>100%
Total expenses	(99.2)	(97.9)	(1%)
Profit before tax	187.2	15.3	>100%
Tax	(27.4)	(5.4)	>(100%)
Profit after tax	159.8	9.8	>100%

Key Takeouts

- This performance reflects:
 - Significant growth in revenue year on year, mainly driven by advisory revenue
 - A 9% decline in brokerage revenue, driven by a 32% year on year decrease in equities market turnover, which was partially offset by growth in market share
- Overall, SBG Securities was ranked 1st in equities trading market share, compared to the 3rd position held in the previous year. Market share improved from 12% as at end of June 2022 to 47% as at June 2023

KEY TAKE AWAYS





H2 2023 FOCUS AREAS

1

Growth & scale: Driven by focus on client needs

2

Efficiency: Leveraging digital investments for efficient client service

3

Risk management: Proactive and data driven risk analysis and management

4

Regional play: Leveraging Standard Bank presence in the region for borderless client service

5

Future Ready Transformation: Building a sustainable financial services organization

To be a leading financial services organisation in Kenya and South Sudan, delivering exceptional client experiences and superior value



THANK YOU

