



STANBIC HOLDINGS PLC FINANCIAL RESULTS PRESENTATION

1H20

17 August 2020



TABLE OF CONTENTS

FINANCIAL RESULTS H120

Section	Page
1. Operating environment	3
2. Recap of our strategy	5
3. Measuring our strategic progress	7
4. Financial outcome	17
❑ Corporate and Investment Banking (CIB)	27
❑ Personal and Business Banking (PBB)	30
❑ Wealth	33
❑ SBG Securities (SBGS)	36
Q & A	



**OPERATING
ENVIRONMENT**

01

Stanbic *IT CAN BE.*



COMPLEX OPERATING ENVIRONMENT

MACRO-ECONOMIC ENVIRONMENT

Inflation

- June 2020 4.59% vs. June 2019 5.7%

91-day T-bill

- June 2020 6.27% vs. June 2019 7%

USD exchange rate

- June 2020 107.8 vs. June 2019 102.17

Central Bank rate

- June 2020 7.0 vs. June 2019 9.0

REGULATORY ENVIRONMENT

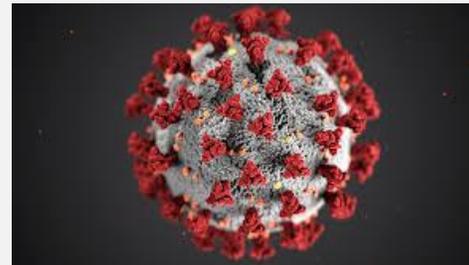
- Directive on fee waivers on digital channel transactions
- New tax measures
- Extension of maximum tenor of Repurchase Agreements (REPOs) from 28 to 91 days
- Reduced Cash Reserve ratio (CRR) to 4.25% from 5.25%
- Cuts in Central Bank Rate

MARKET THREATS

Locusts



Covid-19



Floods



MARKET OPPORTUNITIES

- Technological innovations
- Diverse economy
- Government Big 4



RECAP OF OUR STRATEGY

02



+



+



=



Stanbic *IT CAN BE..*



RECAP OF OUR STRATEGY

FINANCIAL RESULTS H120

OUR PURPOSE
the reason we exist

Kenya is our home, we drive her growth

OUR VISION
what we aspire to be

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

IN EXECUTING OUR STRATEGY OUR KEY FOCUS AREAS ARE



Client centricity

Deliver exceptional client experiences



Digitisation

Leverage our digital platforms



Integration

Collaborate to deliver seamless, relevant and holistic solutions

WE MEASURE OUR PROGRESS USING FIVE STRATEGIC VALUE DRIVERS



CLIENT FOCUS



EMPLOYEE ENGAGEMENT



RISK AND CONDUCT



FINANCIAL OUTCOME



SEE IMPACT

SEE = Social, economic and environmental



MEASURING OUR STRATEGIC PROGRESS

03



Stanbic *IT CAN BE..*



MEASURING OUR STRATEGIC PROGRESS

CLIENT FOCUS



Stanbic *IT CAN BE..*



MEASURING OUR PROGRESS ON CLIENT FOCUS

FINANCIAL RESULTS H120

“Standing strong with our clients in the face of Covid-19 as we deliver on our purpose”

Digitized Lending MVP0

KES 79.6M disbursed to

1,729 customers



D.A.D.A. 31st July20 vs Dec19

65% ↑

Dadas Onboarded

50% ↑

Loans to support Dadas

Over 100% ↑

Liabilities by Dadas

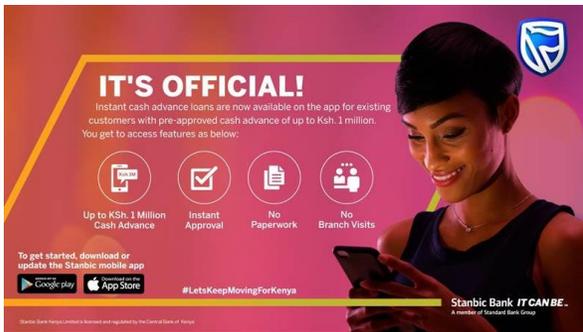


Digitized Customer Onboarding

- ✓ YTD **94%** customers onboarded digitally
- ✓ **91%** Mobile Banking Penetration
- ✓ **Self**-customer onboarding launched

Self-Pin reset

3,309 successful self resets in 10 Weeks



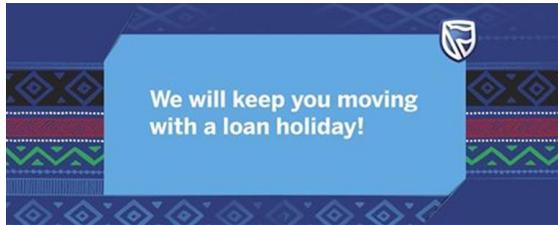


MEASURING OUR PROGRESS ON CLIENT FOCUS

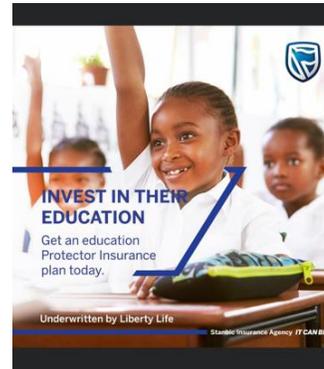
FINANCIAL RESULTS H120

“Standing strong with our clients in the face of Covid-19 as we deliver on our purpose”

Repayment Holidays



New Insurance Product: Education Protector



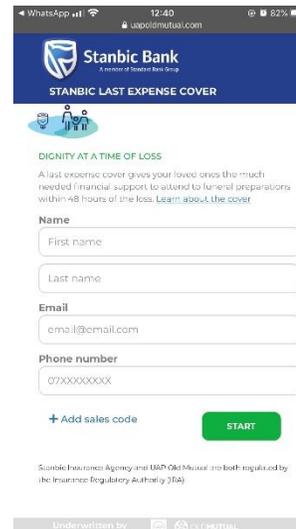
eFFA: Roll out of Online Financial Fitness Academies



#GoCashless
#StaySafe



Digital Insurance: launch of last respects cover solution



Best Investment Bank in Kenya





MEASURING OUR STRATEGIC PROGRESS

EMPLOYEE ENGAGEMENT



+



+



=



Stanbic *IT CAN BE..*



MEASURING OUR PROGRESS ON EMPLOYEE ENGAGEMENT

FINANCIAL RESULTS H120

“Keeping our employees safe as we deliver on our purpose”

Productivity

#working from home



Recruitment, Selection, Onboarding

- Virtual recruitment
- Online induction



Performance Management & Reward



People Development Journey

Future skills learning pathway



Signature Programs

- Digital Literacy upskilling program via eLearning platforms
- Launched DEGREED platform
- Credit Risk Learning Pathway



Talent Management Re-wired



Connect , wellness and safety sessions

Webinars



CE's Sessions and town halls



COVID-19 Awareness



COVID-19 safety measures; Masks, sanitisers, transport, medical cover etc





MEASURING OUR STRATEGIC PROGRESS

RISK AND CONDUCT



+



+



=



Stanbic *IT CAN BE..*

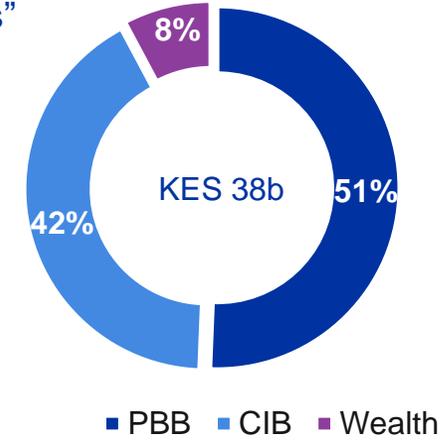
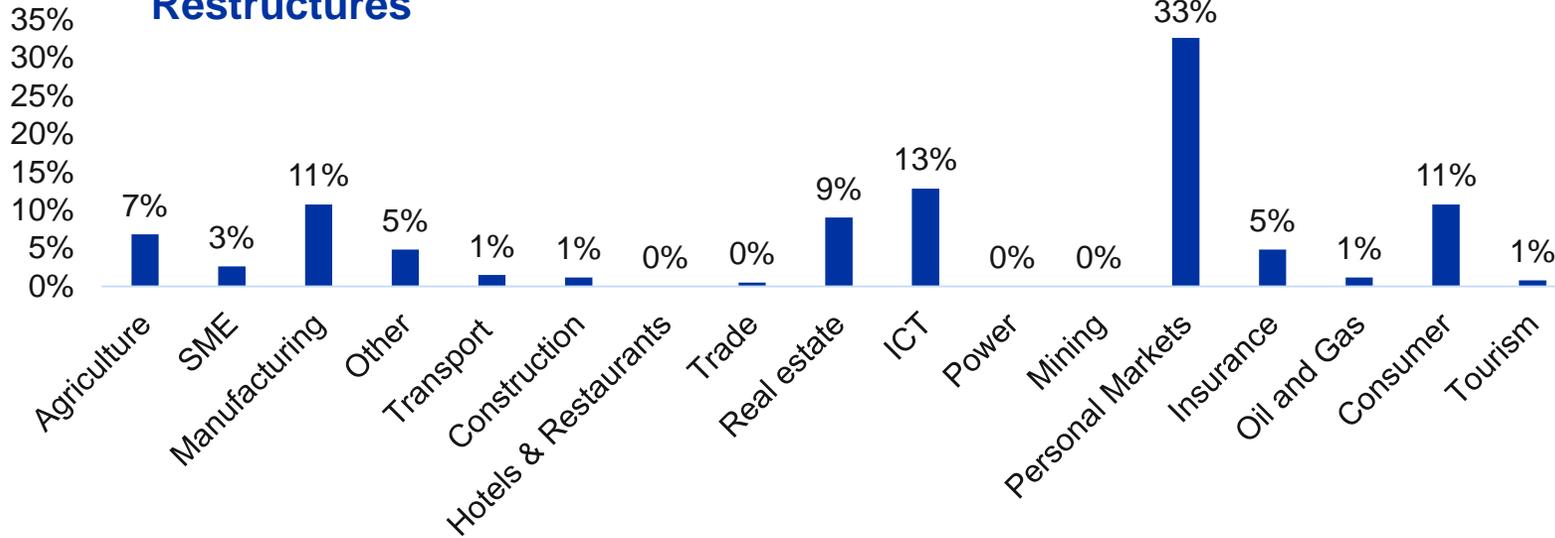


MEASURING OUR PROGRESS ON RISK AND CONDUCT

FINANCIAL RESULTS H120

“Doing the right business the right way, cognisant of increased risks”

Restructures



Sniffer Capability



Managing costs



Digitization in Assets & Collections Process



SOCIAL, ECONOMIC & ENVIRONMENTAL IMPACT(SEE)

04



+



+



=



Stanbic *IT CAN BE..*



MEASURING OUR PROGRESS ON SEE

FINANCIAL RESULTS H120

“Standing with the community in the face of Covid-19”

Donated **192 Ventilators** to the Ministry of Health in partnership with key partners



DADA partnership with the Rotary District 9212 delivered **700 sanitation stations** in different parts of the country

Stanbic Bank Kenya @StanbicKE · Jul 10
Stanbic Bank's flagship women's proposition DADA has handed over 90 handwashing stations in Mombasa and its environs through its partnership with the Rotary District yesterday, 9th July, 2020. #LetsKeepMovingForKenya



1,000 protective suits, 500 gloves & 5,000 masks which will be donated through our doctors proposition in partnership with the Kenya Health Federation



Financial Literacy, mental wellness, Estate planning SME bootcamp for +500 women

SURVIVING TODAY / TO THRIVE TOMORROW

DADA by Stanbic has partnered with the International Finance Corporation (IFC) to bring you this free webinar where we will unpack the following areas:

- Adjusting for the current Covid - 19 crisis
- Grab emerging opportunities to maximize profit
- Plan for the future (post Covid - 19 period)

Initiative by Stanbic Executives

The Executive team gave up 50% of their personal tax rebate to support workers across the bank. To date 200 food parcels have been distributed. This will continue for the rest of the year





**DELIVERING
SUSTAINABLE RETURNS
(FINANCIAL OUTCOME)**

05



CLIENT
FOCUS



EMPLOYEE
ENGAGEMENT



RISK AND
CONDUCT



FINANCIAL
OUTCOME



SEE
IMPACT

Stanbic *IT CAN BE.*



IMPACT OF COVID-19 IN THE NUMBERS

FINANCIAL RESULTS H120



Market volatility and proactive positioning of the GM book - resilient GM performance



Reduced costs YoY



Adequate capital and liquidity



Lean staff complement



Operational preparedness for Covid-19

Positives



Challenges



Margin compression



Increase in credit impairments



Slow economic activity



Global travel restrictions has resulted in slowdown in trade finance revenues



Reduction in digital revenue



SUMMARY PERFORMANCE

FINANCIAL RESULTS H120

	1H20 KES m	1H19 KES m	change %
Net interest income	6,304	6,702	(6)
Non-interest revenue	4,960	6,135	(19)
Total income	11,264	12,837	(12)
Operating expenses	(5,151)	(6,041)	15
Pre-provision profit	6,113	6,796	(10)
Credit impairment charges	(1,982)	(1,235)	(61)
Tax	(1,578)	(1,498)	(5)
PAT	2,553	4,063	(37)
Customer loans	160,970	161,912	(1)
Customer deposits	256,682	201,551	27

NIM 4.1%
(1H19: 4.8%)

ROE 10%
(1H19: 18%)

CTI 45.7%
(1H19: 47.1%)

CLR 2.5%
(1H19: 1.5%)

NPL 10.19%
(1H19: 8.12%)

KEY TAKEOUTS

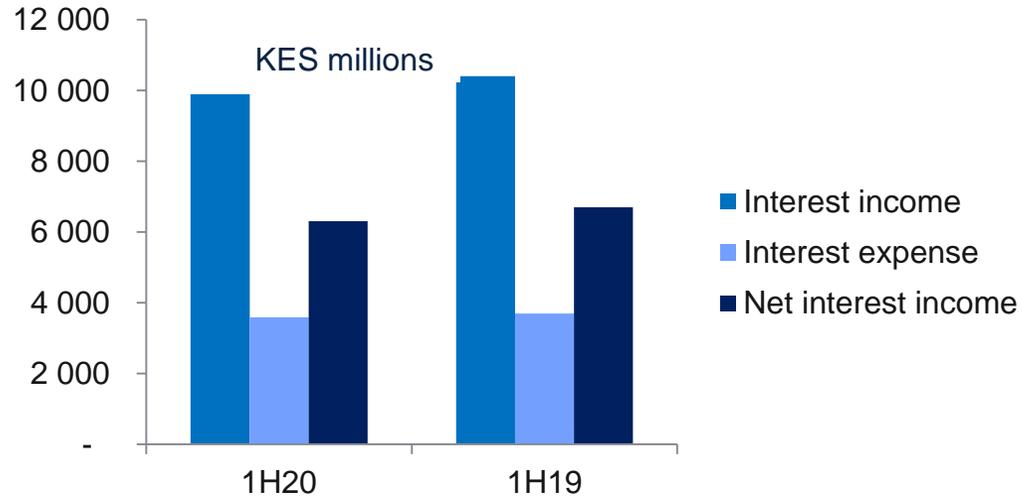
The Group (Kenya Bank, South Sudan branch, SBG Securities and Stanbic Insurance Agency Limited) reported a profit after tax of KES 2.6b;

- ❑ Net interest income reduced by 6% mainly as result of margin compression. This was partly offset by early repayment of expensive debt resulting in a reduction in interest expense
- ❑ Impact of regulatory changes affecting the level of fees earned
- ❑ Focus on cost management
- ❑ Increased provisioning for non performing loans

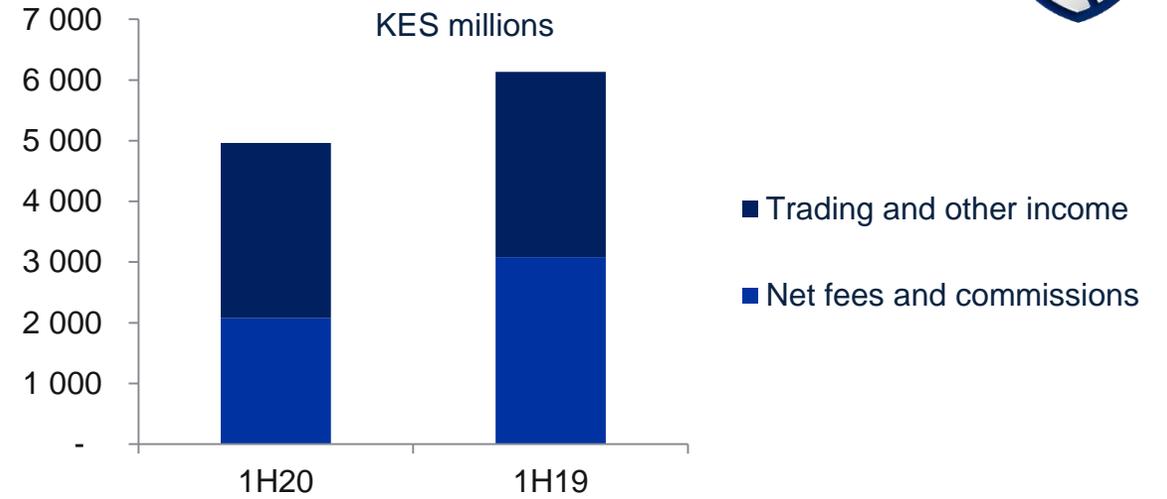
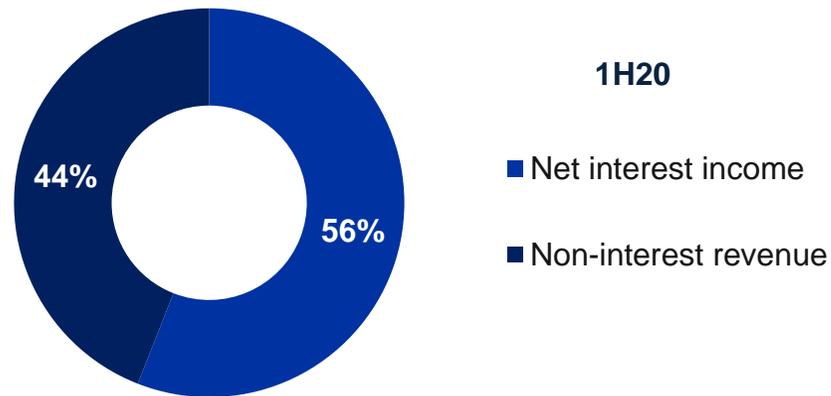


REVENUE

FINANCIAL RESULTS H120



■ Net interest income decreased year on year by 6% explained by margin compression



Net fees and commission income

- Decrease in net fees and commission income explained by:
 - Key investment banking deals closed in the first half of 2019 that did not recur in 2020
 - Decline in electronic banking revenues and slow trade finance activity

Trading revenue

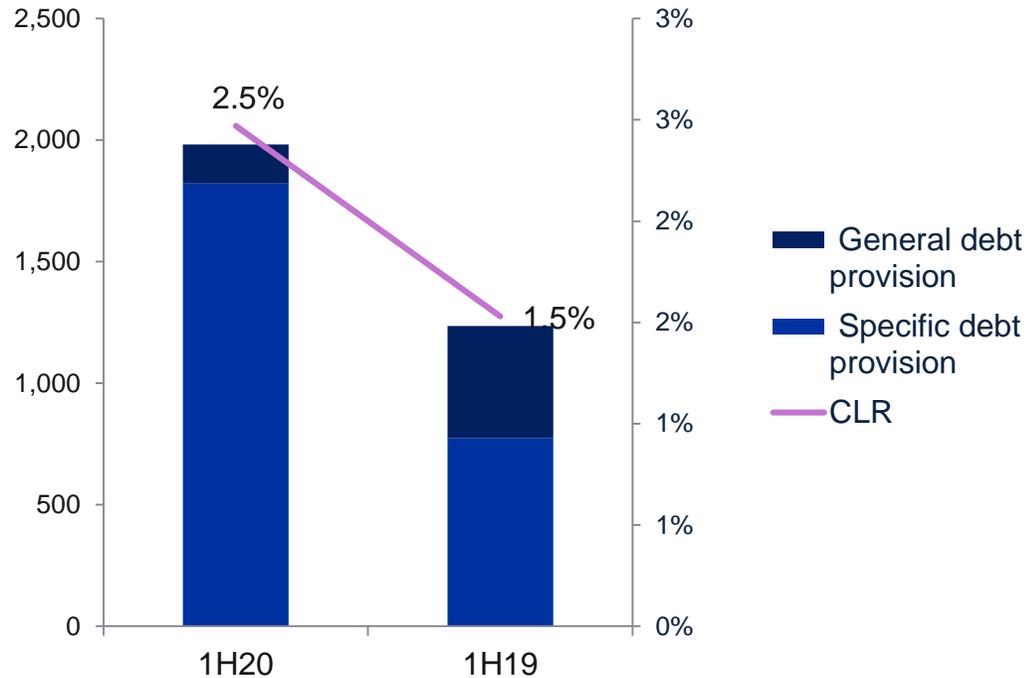
■ Income from trading was largely flat year on year



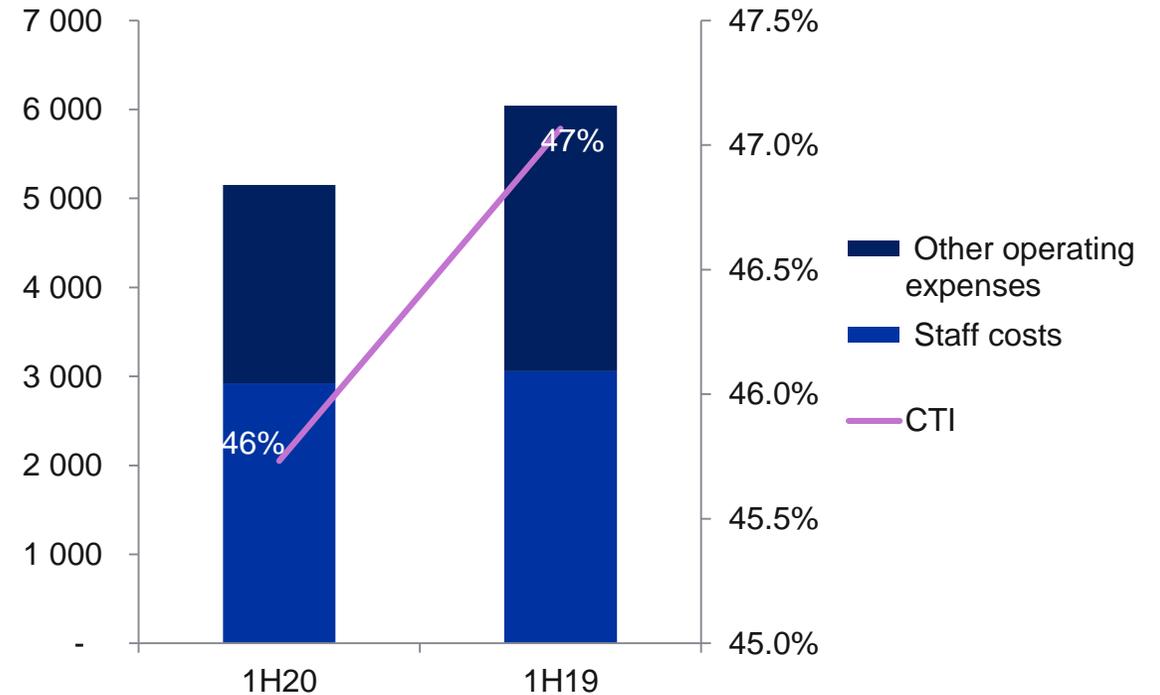
CREDIT IMPAIRMENT AND OPERATING EXPENSES

FINANCIAL RESULTS H120

KES millions



KES millions



- Impairment charges have increased year on year due to:
 - Increase in provisions for the non-performing book

- Decline in cost to income ratio arising from cost containment measures

SUMMARISED GROUP BALANCE SHEET

FINANCIAL RESULTS H120

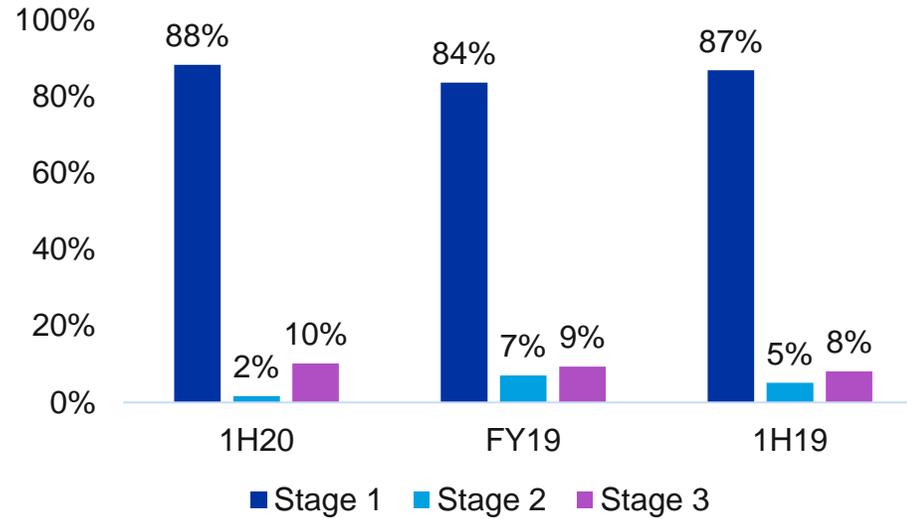
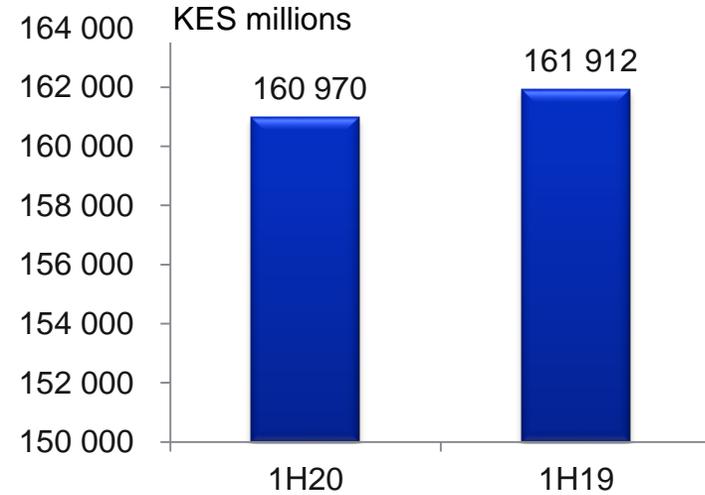


	1H20 KES m	1H19 KES m	change %
Assets			
Financial investments	84,532	94,099	(10)
Loans and advances to banks	74,179	15,172	>100
Loans and advances to customers	160,970	161,912	(1)
Other assets	27,893	28,287	(1)
Property and equipment	3,654	3,306	11
Intangible assets	10,277	10,534	(2)
Total assets	361,505	313,310	15%
Liabilities			
Deposits from banks	30,352	36,433	(17%)
Deposits from customers	256,682	201,551	27%
Borrowings	5,387	9,185	(41%)
Other liabilities	19,745	19,312	2%
Equity	49,339	46,829	5%
Liabilities and equity	361,505	313,310	15%
Contingents	69 671	74,606	(7%)
Letters of credit	2 821	2,532	11%
Guarantees	66 850	72,074	(7%)

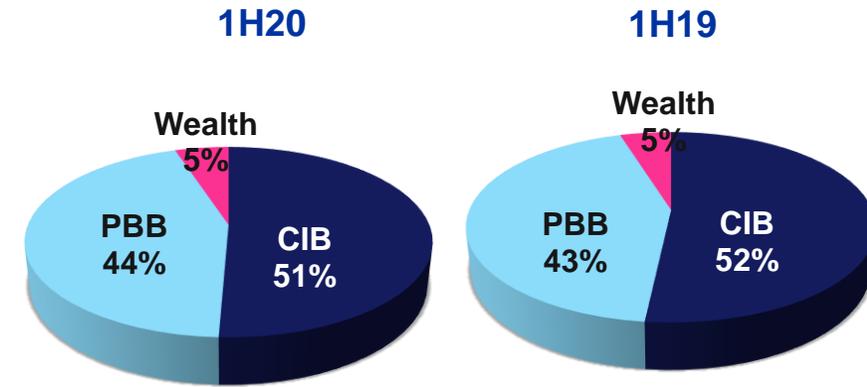


CUSTOMER LOANS AND ADVANCES

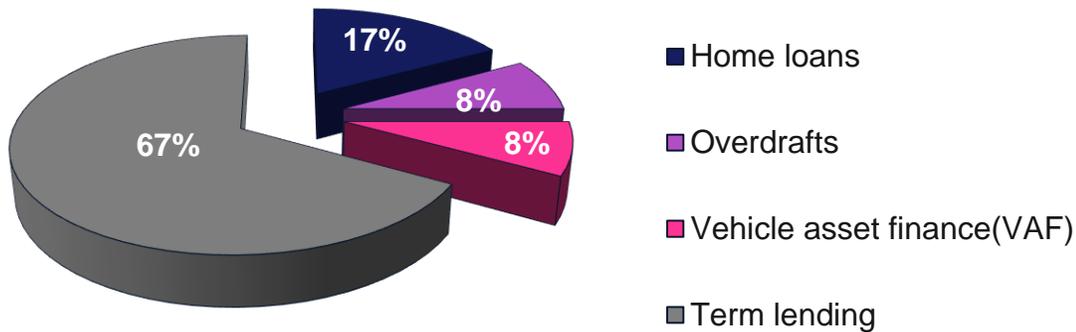
FINANCIAL RESULTS H120



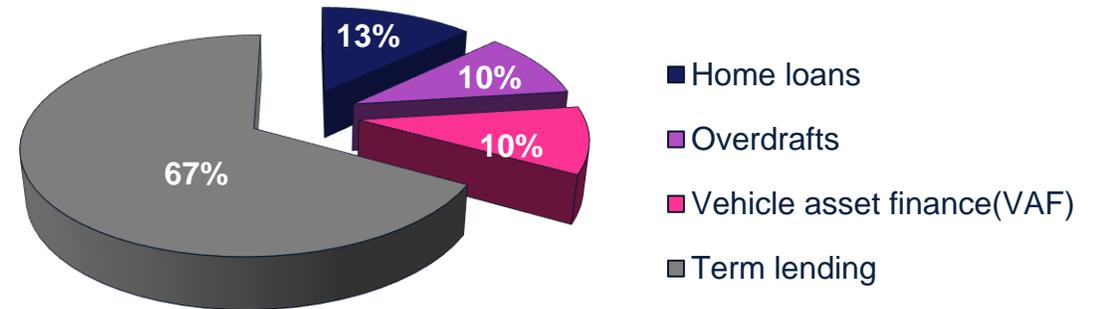
Loans and advances by business unit



1H20 Loans and advances by product



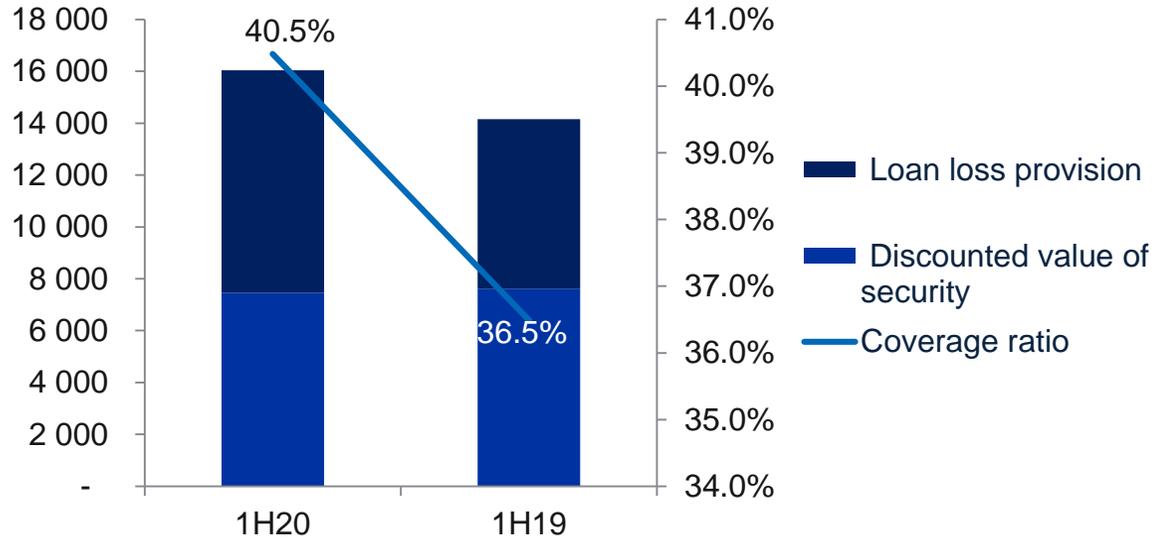
1H19 Loans and advances by product



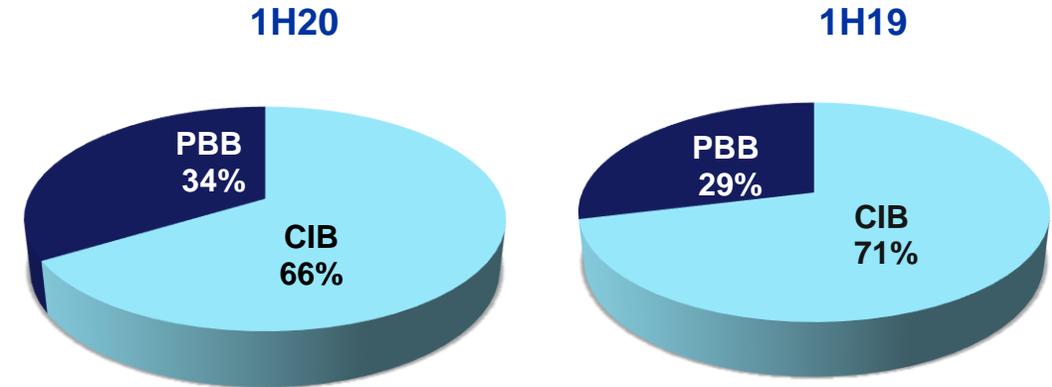


CUSTOMER LOANS AND ADVANCES: NON PERFORMING LOANS (NPLS)

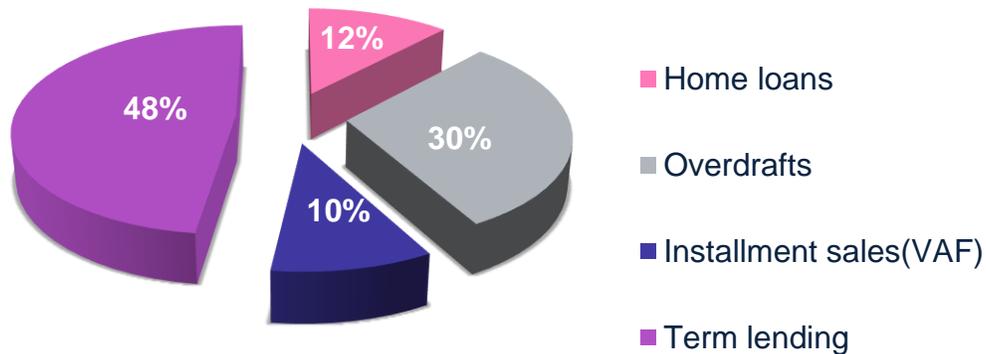
FINANCIAL RESULTS H120



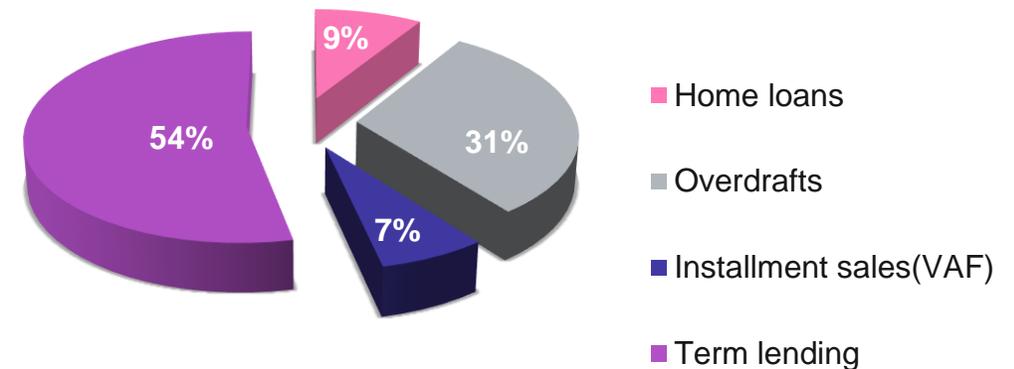
Gross NPLs by business unit



1H20 Gross NPLs by product



1H19 Gross NPLs by product

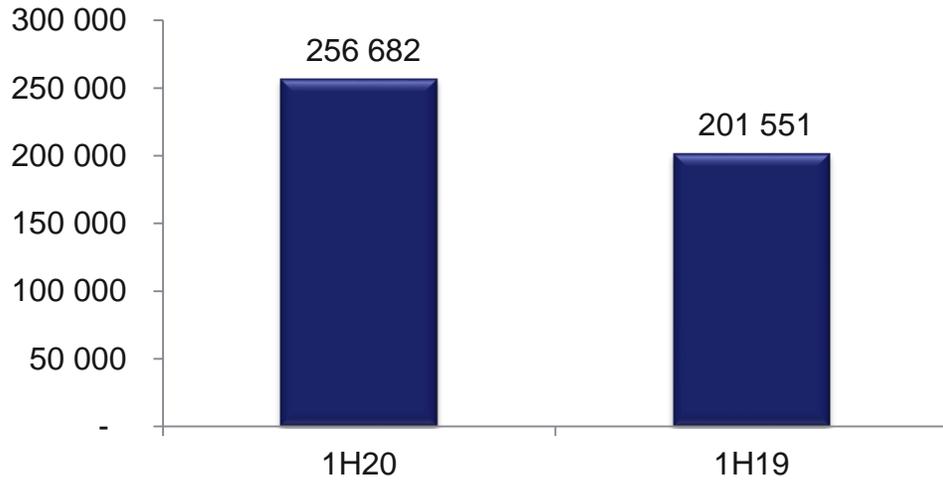




CUSTOMER DEPOSITS

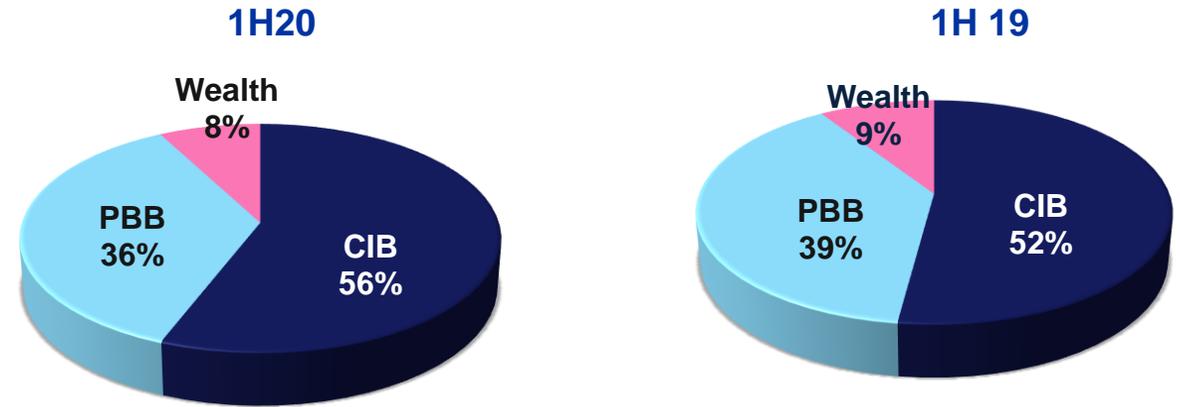
FINANCIAL RESULTS H120

Kes millions

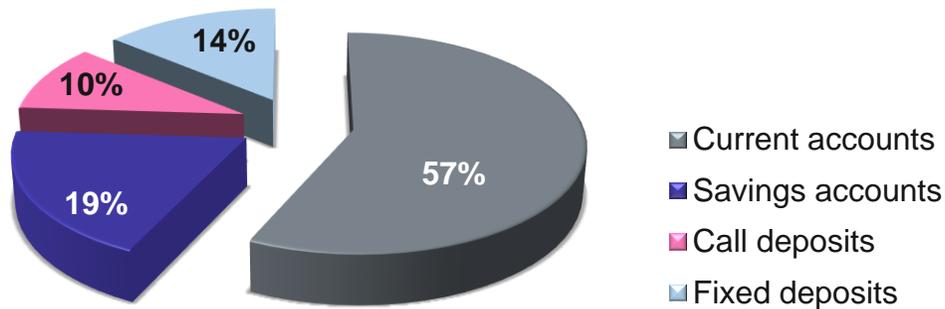


- Customer deposits grew by 27% year on year with core accounts accounting for 77% of total deposits

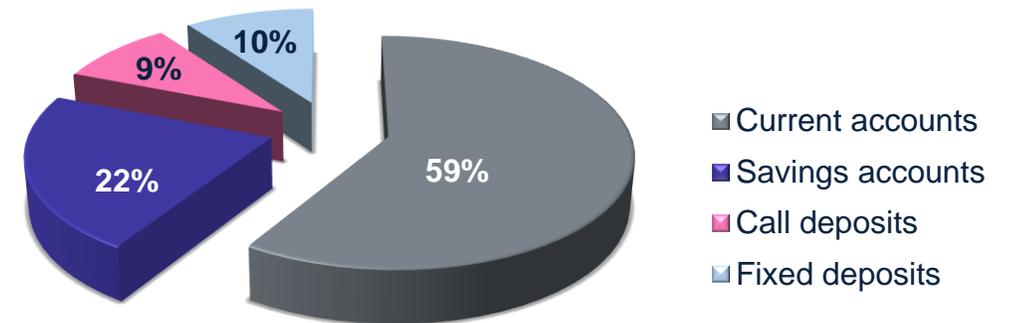
Customer deposits by business unit



1H20 customer deposits per product

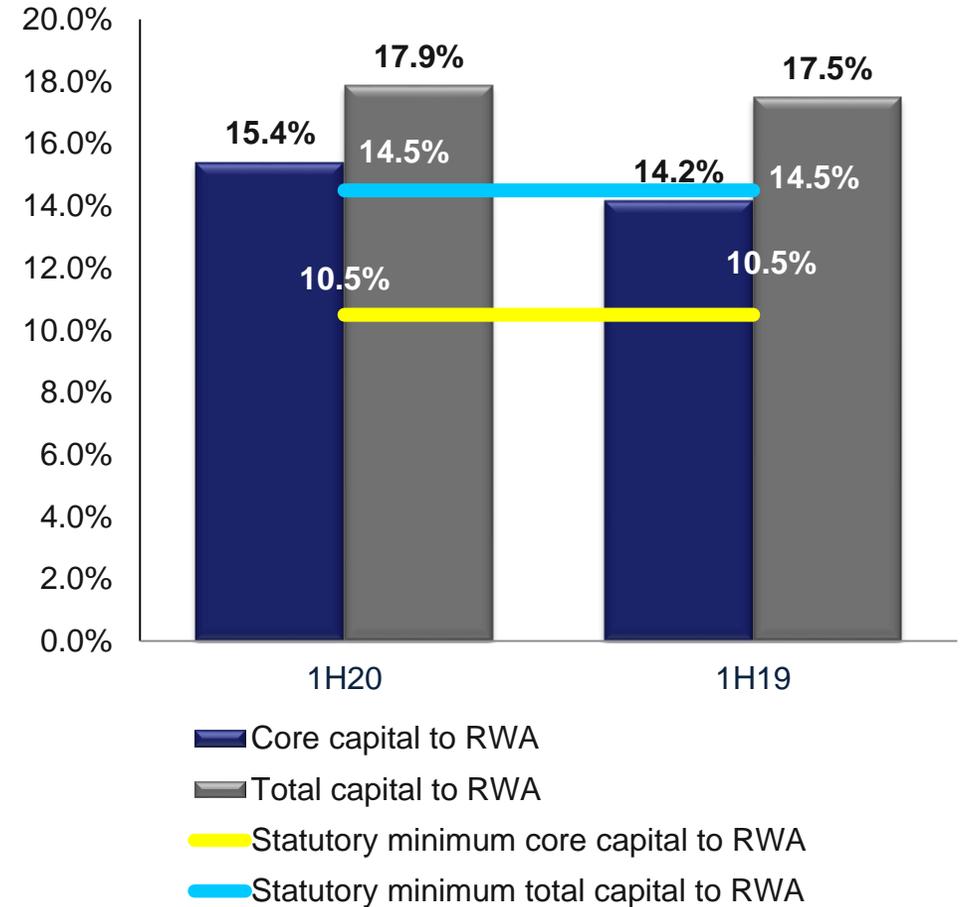
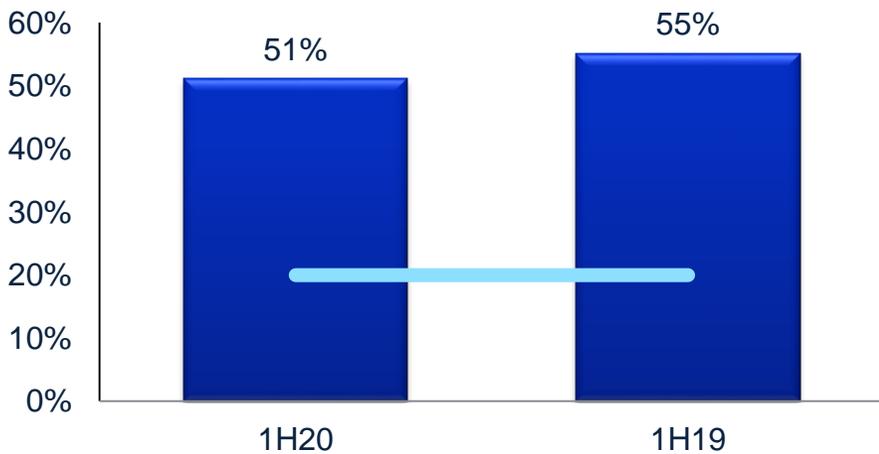
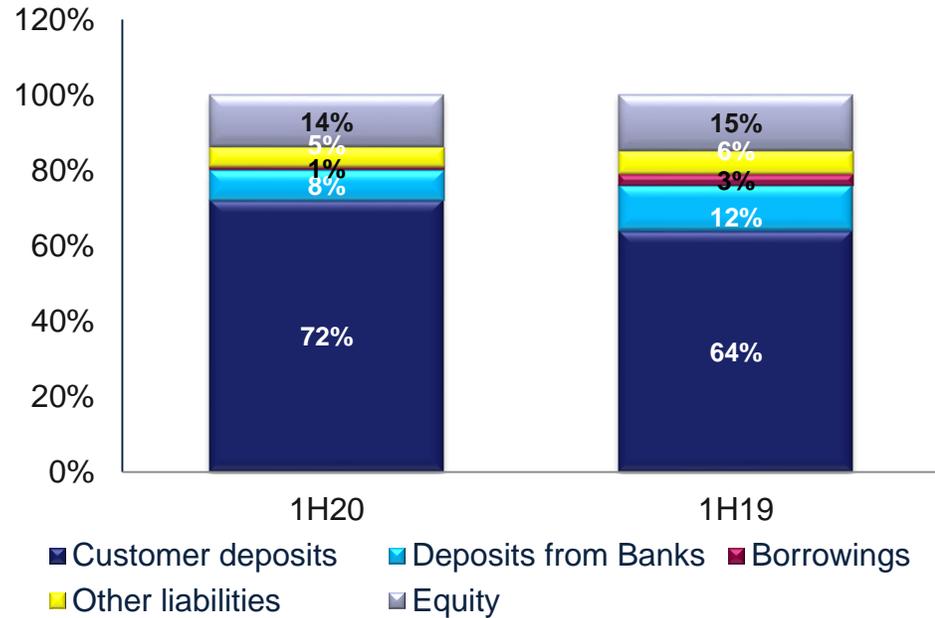


1H19 customer deposits per product





FUNDING, LIQUIDITY AND CAPITAL



RWA - Risk weighted assets



**CORPORATE AND
INVESTMENT BANKING
(CIB)**

**FINANCIAL
OUTCOME**



CLIENT
FOCUS



EMPLOYEE
ENGAGEMENT



RISK AND
CONDUCT



FINANCIAL
OUTCOME



SEE
IMPACT

Stanbic *IT CAN BE.*



CIB SUMMARY PERFORMANCE

FINANCIAL RESULTS H120

	1H20 KES m	1H19 KES m	change %
Net interest income	2,962	3,376	(12)
Non-interest revenue	3,782	4,825	(22)
Total income	6,745	8,201	(18)
Credit loss ratio	1.6%	1.5%	
Customer loans and advances	81,524	83,739	(3)
Customer deposits	143,634	104,988	37
Contingents	64,943	71,552	(9)
Letters of credit	2,242	1,870	20
Guarantees	62,701	69,682	(10)

KEY TAKEOUTS

- Decline in interest income as a result of margin squeeze
- Lower non-interest revenue due to lower fees from reduced transaction volumes and delay/postponement of investment banking deals. In addition, last year benefited from key Investment Banking deals which did not recur this year
- Decline in customer loans and advances was mainly driven by decreased working capital needs by our clients
- Increase in customer deposits largely on current account balances

CIB STRATEGIC PRIORITIES

FINANCIAL RESULTS H120



We want to partner with our clients to unlock their dreams

We aspire to be the undisputed financial services provider of choice

We want to deliver value to our clients through our deep sector expertise by focusing on:



Client centricity

We want to do valuable things for our clients



Digitisation

In a digital way



Integration

Delivering a seamless universal financial services proposition



**PERSONAL AND
BUSINESS BANKING
(PBB)**

**FINANCIAL
OUTCOME**



+



+



=



Stanbic *IT CAN BE.*

PBB SUMMARY PERFORMANCE

FINANCIAL RESULTS H120



	1H20 KES m	1H19 KES m	change %
Net interest income	3,063	3,062	0
Non-interest revenue	1,020	1,139	(10)
Total income	4,083	4,201	(3)
Credit loss ratio	3.8%	1.7%	
Customer loans and advances	71,313	70,401	1
Customer deposits	93,071	78,038	19
Contingents	4,609	2,844	62
Letters of credit	579	630	(8)
Guarantees	4,030	2,214	82

KEY TAKEOUTS

- Balance sheet growth on our focus segments driven by acquisition of new to bank customers
- Flat net interest income despite balance sheet growth as result of margin squeeze
- Decline in non interest revenue mainly driven by reduction in fees on our digital channels as a result of regulatory action on fee waivers
- Credit loss ratio was higher in 2020 as a result of increased provision for non performing loans



PBB STRATEGIC PRIORITIES

FINANCIAL RESULTS H120

PBB focus areas

1. Accelerating our client acquisition efforts

2. Accelerating our digital play

3. Revamping our client value propositions

4. Enhancing our credit impairments rigor



WEALTH

FINANCIAL
OUTCOME



CLIENT
FOCUS



EMPLOYEE
ENGAGEMENT



RISK AND
CONDUCT



FINANCIAL
OUTCOME



SEE
IMPACT

Stanbic *IT CAN BE.*



WEALTH SUMMARY PERFORMANCE

FINANCIAL RESULTS H120

	1H20 KES m	1H19 KES m	change %
Net interest income	278	264	5
Non-interest revenue	158	171	(8)
Total income	436	435	0
Credit loss ratio	0.07%	0.03%	
Customer loans and advances	8,133	7,772	5
Customer deposits	19,977	18,525	8
Contingents	119	210	(43)
Letters of credit	0	32	100
Guarantees	119	178	(33)

KEY TAKEOUTS

This performance reflects:

- Decent balance sheet growth driven by acquisition of new customers
- Flat net interest income despite balance sheet growth as result of margin squeeze
- Decline in non-interest revenue mainly driven by slow uptake on standalone insurance products and impact of increased retrenchment claims
- Credit loss ratio remains well managed due the high quality of the book of the High Net Worth customers



WEALTH STRATEGIC PRIORITIES

FINANCIAL RESULTS H120



Client Focus

Obsession to provide great service to our clients



Digitization

Efficiency and data usage



Integration

Seamless client interactions and ecosystems approach



Risk and Conduct

Doing the right business, the right way



SBG SECURITIES

**FINANCIAL
OUTCOME**



CLIENT
FOCUS

+



EMPLOYEE
ENGAGEMENT

+



RISK AND
CONDUCT

=



FINANCIAL
OUTCOME



SEE
IMPACT

Stanbic *IT CAN BE.*

SBGS SUMMARY PERFORMANCE

FINANCIAL RESULTS H120



	1H20 KES m	1H19 KES m	change %
Brokerage commission	131	112	17
Other revenue	40	122	(67)
Total income	171	234	(27)
Total expenses	(104)	(116)	10
Profit before tax	67	118	(43)
Tax	(21)	(36)	42
Profit after tax	46	82	(44)

KEY TAKEOUTS

- ❑ SBG Securities posted revenues of KES 171m for the half year ending 30th June 2020, indicating a 27% year-on-year decline
- ❑ This revenue performance reflects:
 - 17% growth in brokerage revenue, driven by a 6.5% y/y growth in equities market turnover.
- Offset by
 - A decline in 'other revenue' due to a reduction in advisory fees.
- ❑ Overall, SBG Securities was ranked 3rd in equities trading with a market share of 16% during 1H20



SBGS STRATEGIC PRIORITIES

FINANCIAL RESULTS H120

2020 H1 market highlights

- ❑ The Kenyan equities market posted 6.5% y/y growth in turnover while competition for market share continued to intensify
- ❑ Although foreign institutional investors continue to dominate market activity, there was a notable increase in domestic institutional investor contribution from 27% in 1H19 to 37% in 1H20

2020 strategic priorities

- ❑ Advancing international and regional client franchise to establish a dominant product offering in East Africa



- ❑ Deliver high quality and differentiated products and services across all client segments



- ❑ Driving uptake on digital channels and continuous innovation to drive efficiencies.





THANK YOU