



Stanbic Holdings Plc

Financial Results Presentation

For The Year Ended
31st December 2023

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



01

Introduction

02

Reflecting On Our Journey

03

Financial Outcomes

01

INTRODUCTION



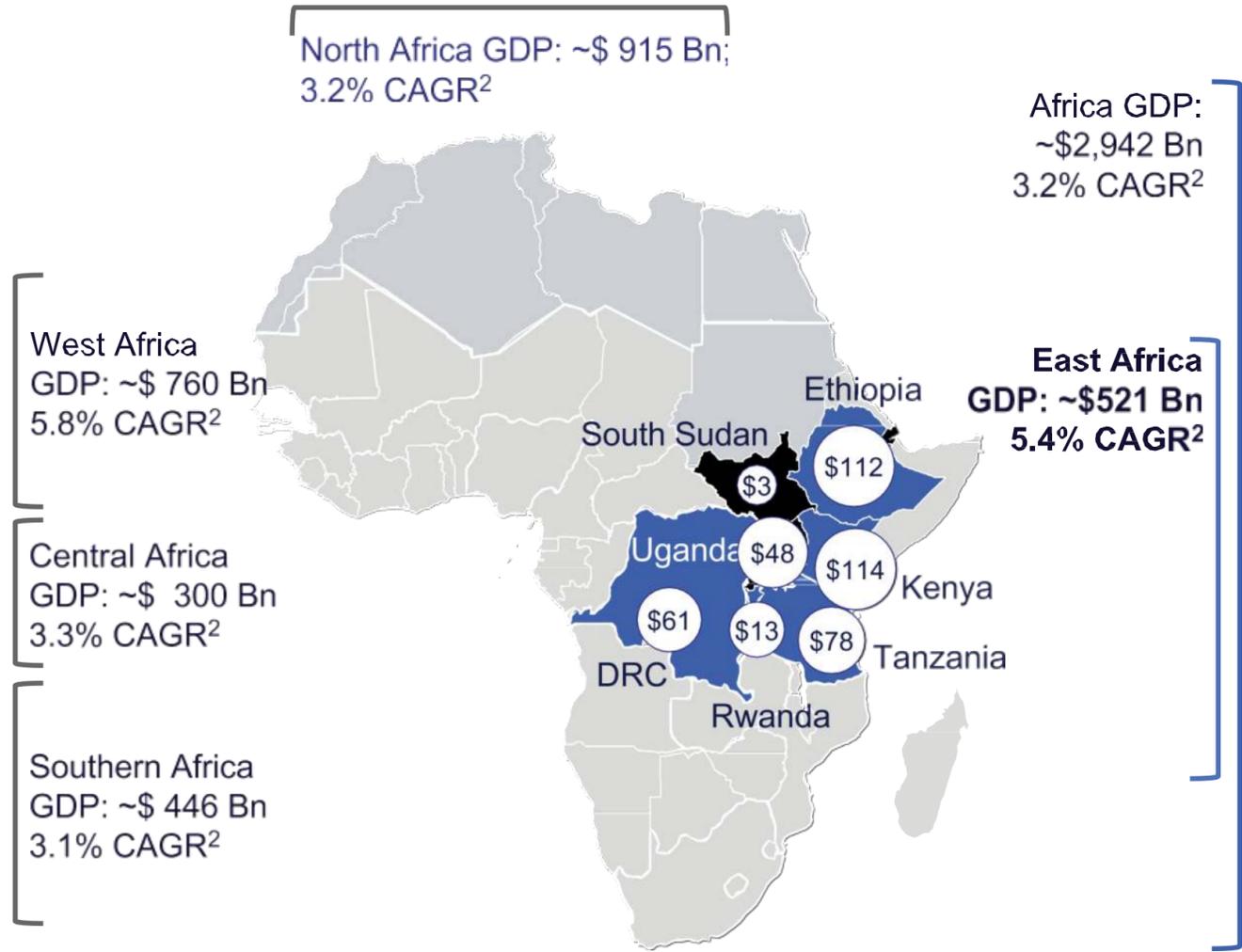
**DIVIDEND
PER SHARE
Kes15.35**

⬆️ **UP FROM
Kes12.60 IN 2022**

EAST AFRICA REGION OFFERS ATTRACTIVE FUNDAMENTALS FOR GROWTH



Nominal GDP, 2022, (USD Bn)



	Real GDP/capita, 2022, USD	Real GDP/Capita growth ² , 2022-2027, %	Population, 2022, Million	Population Growth ² , 2022-2027, %
Kenya	1,760	1.9%	54	2.0%
Tanzania	1,094	1.5%	66	2.9%
Rwanda	936	2.8%	14	0.9%
Uganda	847	2.8%	47	2.6%
Ethiopia	819	1.3%	123	2.5%
South Sudan	651	0.8%	11	1.7%
DRC	511	0.7%	95	3.2%
Selected East Africa Countries ¹	1,079	1.8%	410	2.6%

1. Selected East Africa countries analysis aggregates data from Kenya, Tanzania, Rwanda, Uganda & Ethiopia 2. CAGR: compound annual growth rate calculated from 2022 to 2027
Source: S&P Capital IQ, Oxford Economics; BCG

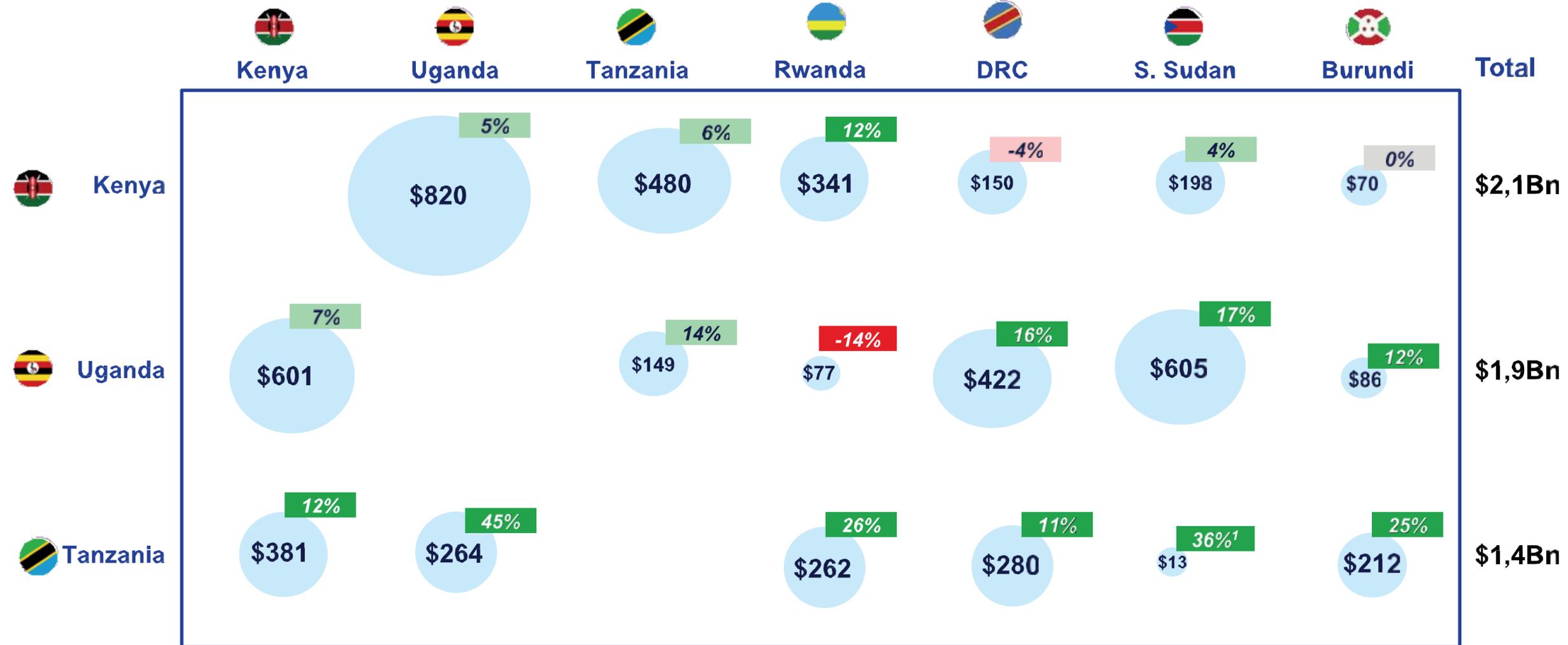
KENYA, TANZANIA AND UGANDA'S TRADE TO EAC IS INCREASING, USD 3.1BN IN 2018 TO USD 5.4BN IN 2022, DUE TO REGIONAL INTEGRATION, IMPROVED INFRASTRUCTURE AND INCREASED DEMAND



Kenya, Tanzania and Uganda's Total Trade with EAC USD Mn, 2022

6-year CAGR

Pro-business approach by **President Hassan** resulted in the **reversing of 23 trade barriers with Kenya** in 2023. Tanzania is 5th largest destination for Kenya's exports

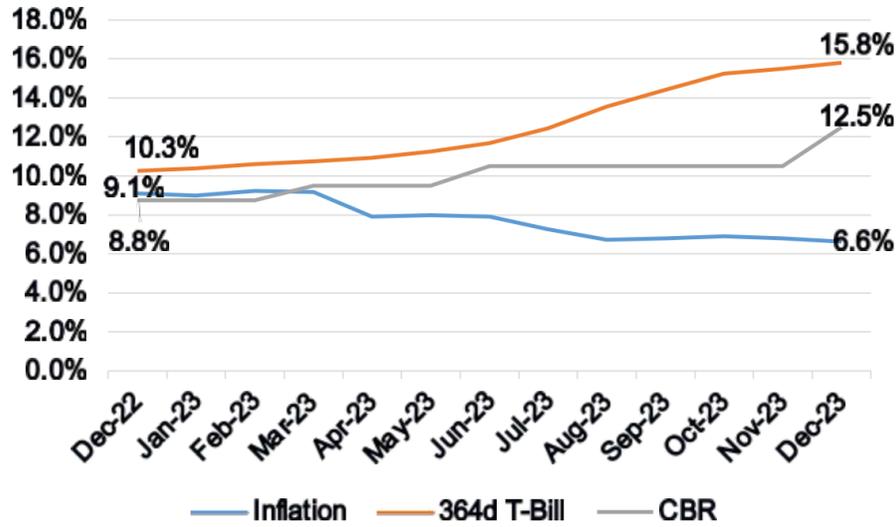


Note: Ethiopia is not a member of East African Community yet and limited data is being published on trade (if any) with its neighbouring East Africa countries ; 1. 3-year CAGR instead of 6 as trade started only in 2019;; Source: East African Community; IMF; Standard Bank Economics Research; Central Banks Data

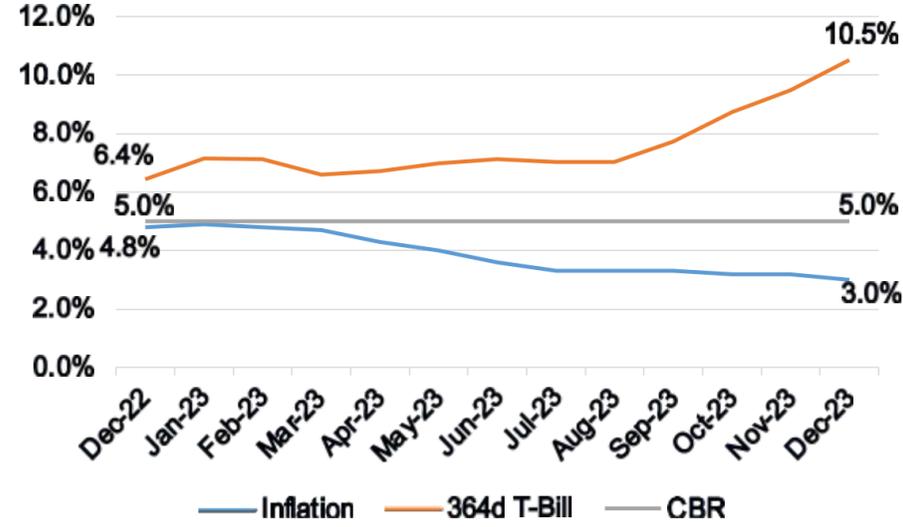
OPERATING ENVIRONMENT - REGIONAL OVERVIEW



Kenya Macro Indicators

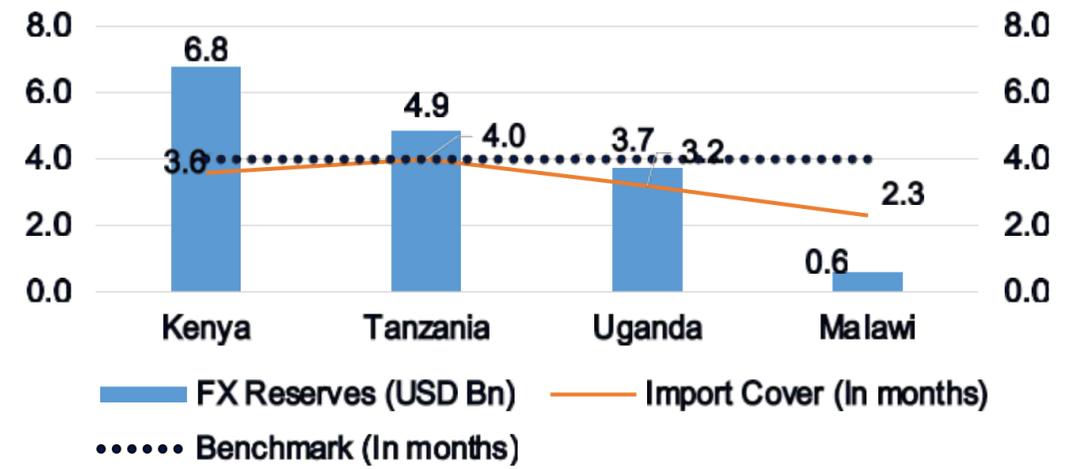


Tanzania Macro Indicators

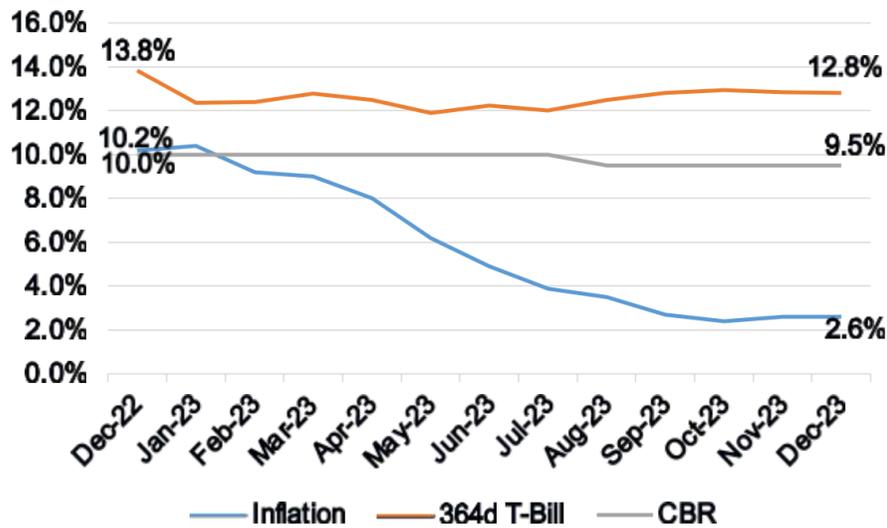


- Interest rates are rising across the region
- Inflationary pressure eased in second half
- Malawi & Kenya currencies faced significant pressure in 2023
- FX Reserves below the 4-month import cover in all markets except Tanzania

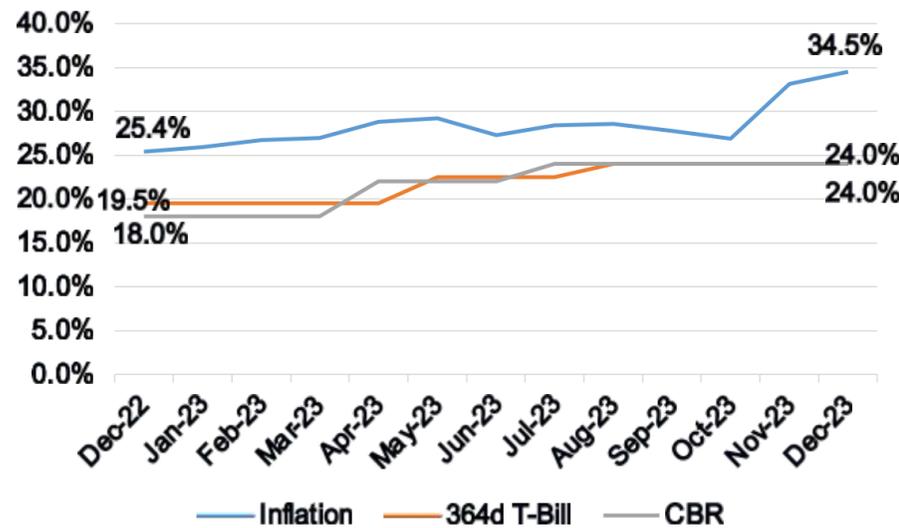
FX Reserves & Import Cover (Months)



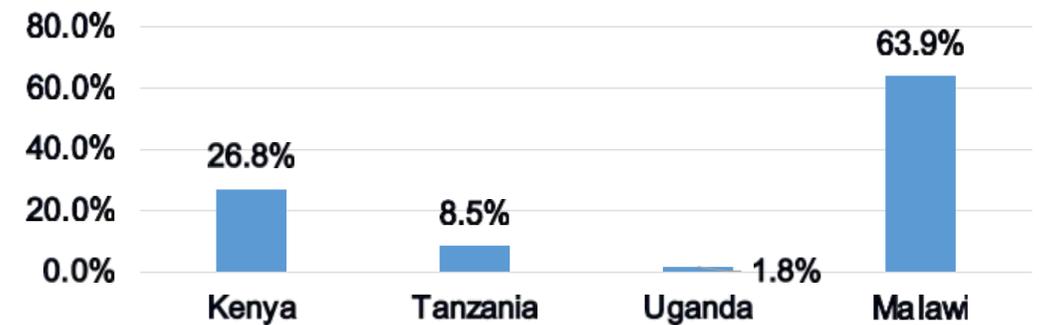
Uganda Macro Indicators



Malawi Macro Indicators



USD/LCY YoY Depreciation - DEC 2023



OPERATING ENVIRONMENT - KENYA OVERVIEW

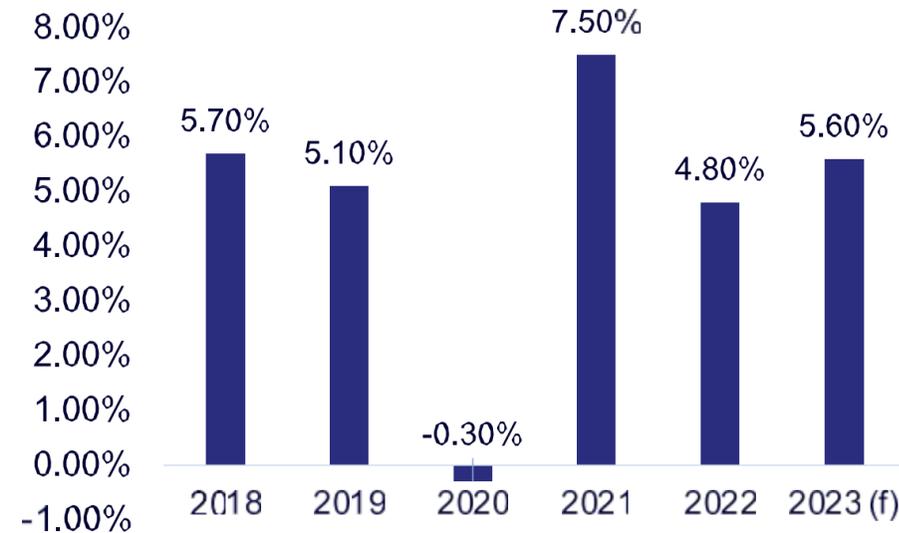


A Challenging Macro Economic Environment In 2023 And A Cautiously Optimistic Outlook For 2024

Kenyan Economy - 2023

- The Kenyan economy recorded an average of 5.4% GDP growth in second quarter of 2023 compared to a 5.2% growth within a similar period in 2022.
- This reflects a strong rebound in the Agricultural sector coupled with recent fiscal policies such as subsidizing the cost of crucial farm inputs and the sufficient rainfalls experienced throughout the country. The economy is expected to have grown by 5.6% in 2023 according to AfDB projections

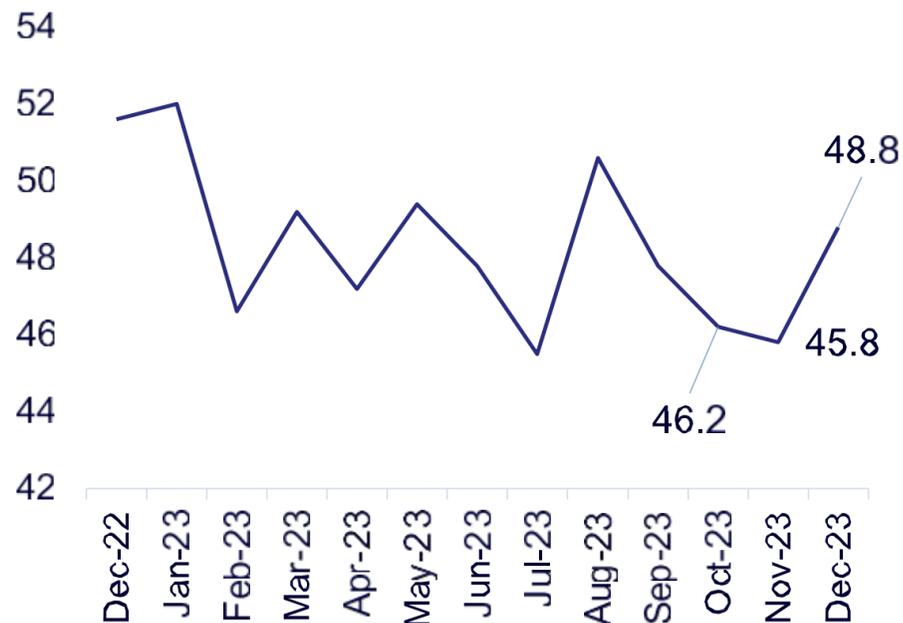
Kenya GDP Growth



Economic Prospects for 2024

- Despite the global uncertainties, the Kenya economy is expected to continue to remain strong in 2024, supported by a resilient services sector, the rebound in Agriculture and the implementation of the measures to boost economic activities in the priority sectors by Government.

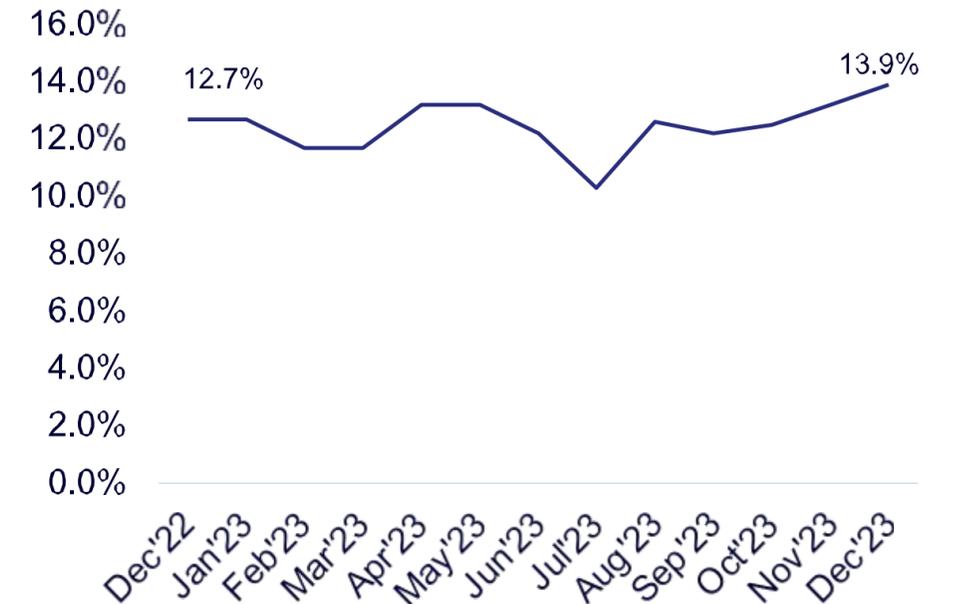
Stanbic Bank Kenya PMI



PMI & Private Sector Credit Growth

- Business conditions in the Kenyan private sector remained subdued during the year as evidenced by Stanbic Bank Monthly Purchasing Managers' Index (PMI).
- Growth in the private sector credit closed at 13.9% in December 2023. The number of loan applications and approvals remained strong reflecting a sustained demand for working capital requirements.

Private Sector Credit Growth



WHO WE ARE



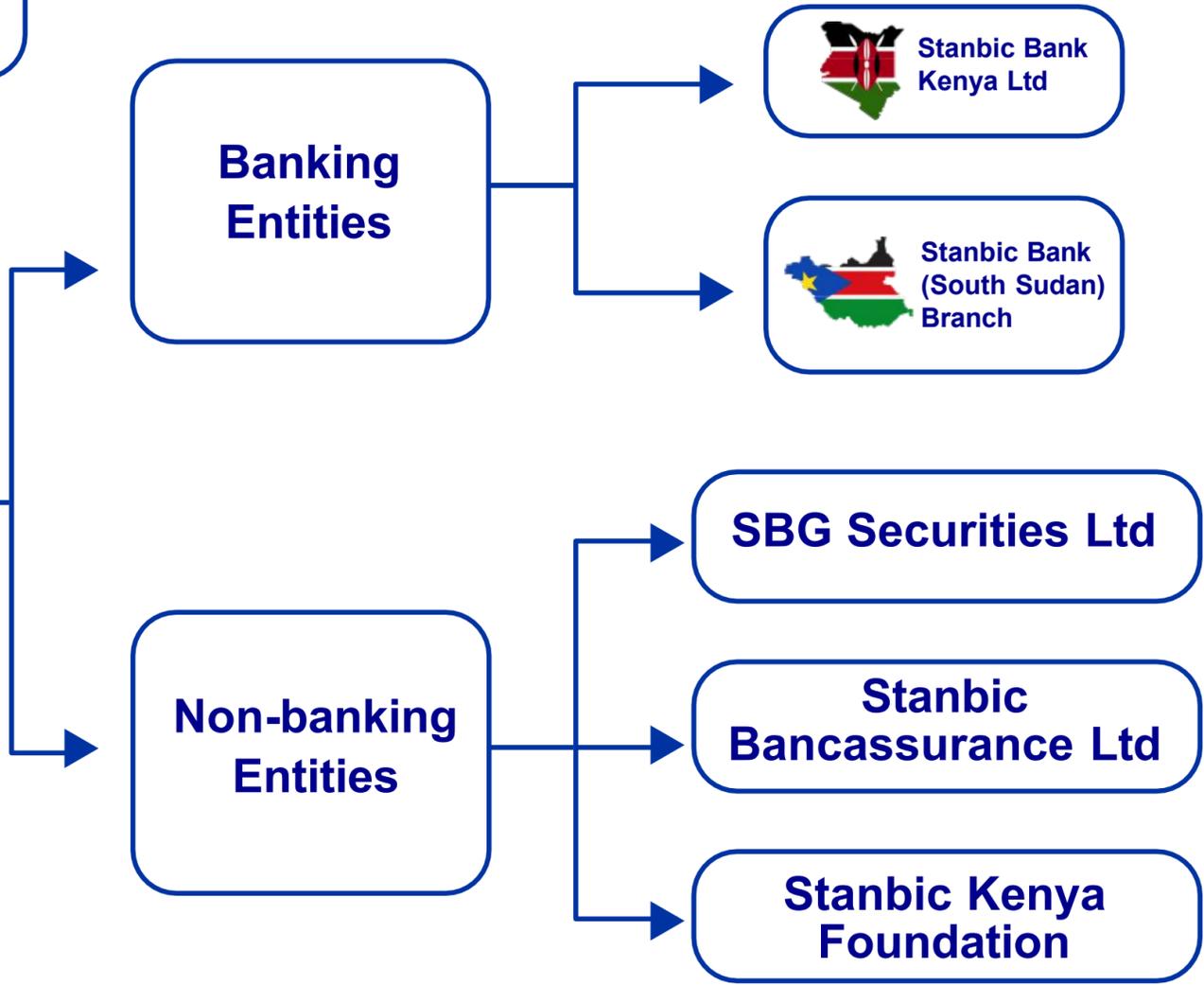
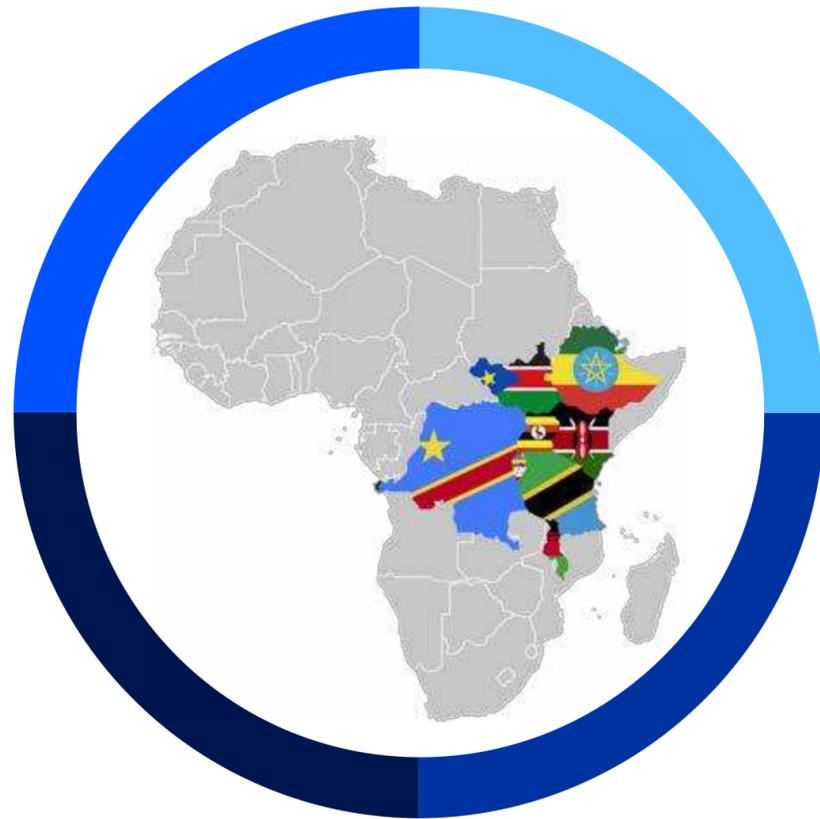
Our Purpose

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

 **Stanbic Holdings PLC**



KEY HIGHLIGHTS

-  Customers **266K**
2020: 185K
-  Branches **30**
2020: 26
-  ATMs **57**
2020: 55
-  Cash Deposit Machines **138**
2020: 55
-  Agent Outlets **740**
2020: 148

MARKET POSITIONING



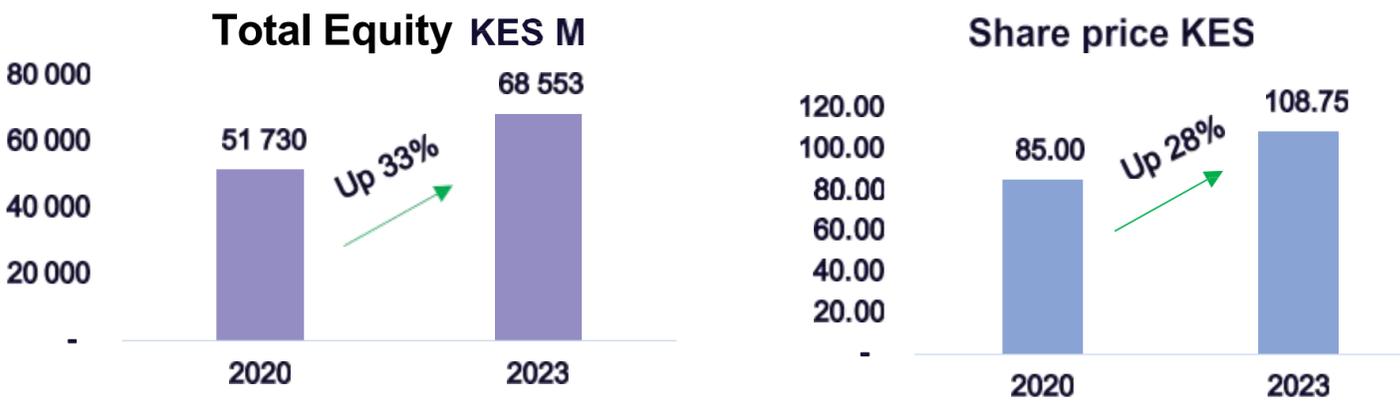
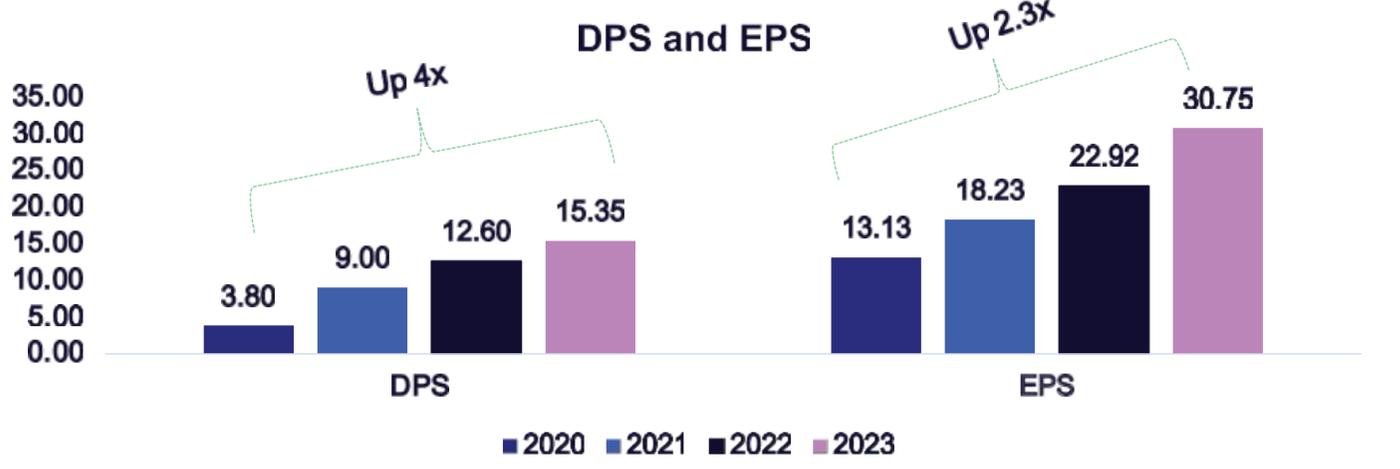
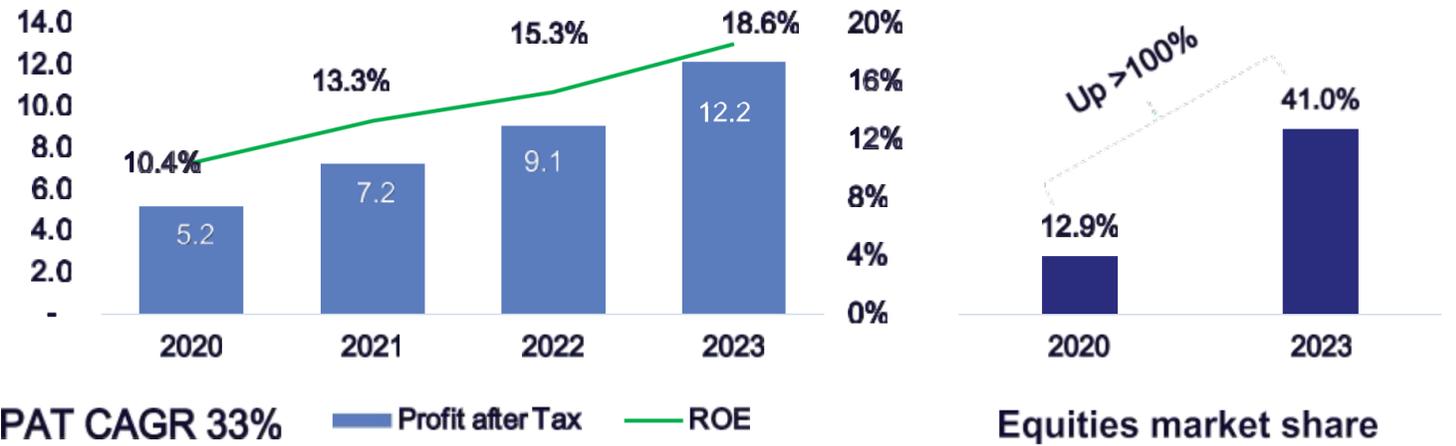
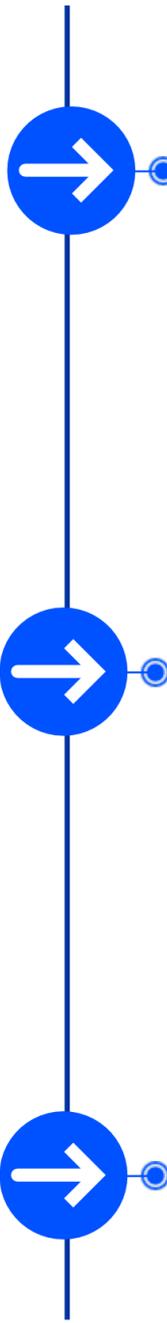
DELIVERING SUSTAINABLE RETURNS

Double digits growth in profit after tax; profits growing above industry

SBG Securities: No.1 equities broker by market share

Consistent dividend pay-out

Increased shareholder value



02 Reflecting On Our Journey



**RETURN
ON EQUITY**
18.6%
⬆ Up 333 bps
Year on Year



OVER THE LAST 3 YEARS, OUR STRATEGIC INTENT WAS GEARED TOWARDS;

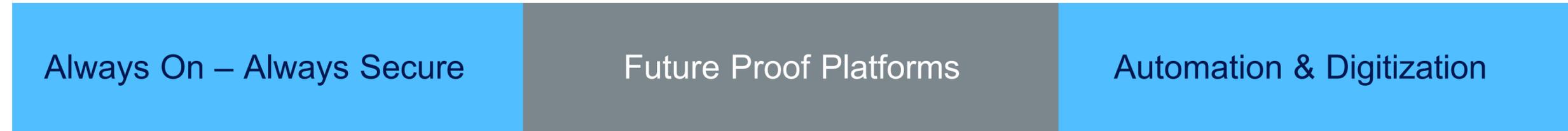
OUR PURPOSE → Kenya / South Sudan is our home, we drive her growth.

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

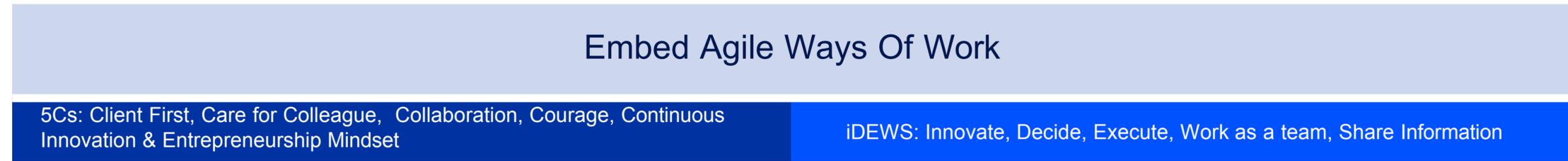
Our strategic priorities:
What we need to do to deliver our purpose →



Our Technology priorities:
The platforms we need to deliver on our purpose →



Our culture priorities:
How we need to behave to deliver our purpose and people promise →



Our success measures:
6 value drivers →



IN EXECUTING OUR STRATEGY, WE HAD TO NAVIGATE A COMPLEX OPERATING ENVIRONMENT:



	2020	2021	2022	2023
<p>Complex operating environment</p>	<p>COVID</p>	<p>RUSSIA-UKRAINE CONFLICT</p>	<p>DROUGHT</p>	<p>FLOODS</p>
	<p>LOCUST INVASION</p>	<p>LINGERING EFFECTS OF COVID-19</p>	<p>ELECTIONS IN KENYA</p>	<p>US BANK FAILURES</p>
				<p>ISRAEL- GAZA CONFLICT</p>

Currency Pressure, High Interest Rates, Supply Chain Disruptions

REFLECTING ON OUR 2020 – 2023 JOURNEY : TRANSFORMING CLIENT EXPERIENCE



2020



1st Bank to issue moratoriums



Over **400** retrenchment claims paid



KES 40b loans restructured

2021 - 2023 Key highlights



Largest transaction in the history of the NSE (2023)



D.A.D.A (Women proposition) **KES 19.3b** loans issued



Customer Onboarding **90%** accounts opened digitally



24/7 billing & settlement solution



Affordable housing **KES 830m** loans issued



Digital Lending (inc. Mjeki)
2023 - **KES 39.9b**
2020 - **KES 17.2b**



Borderless banking
Value of transactions - **USD 697m**



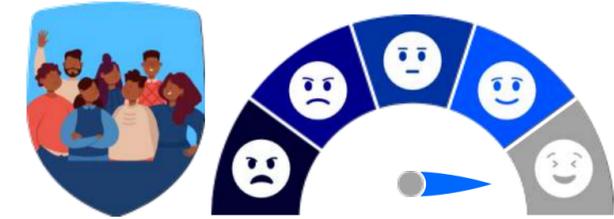
Infrastructure **KES 16b** loans issued



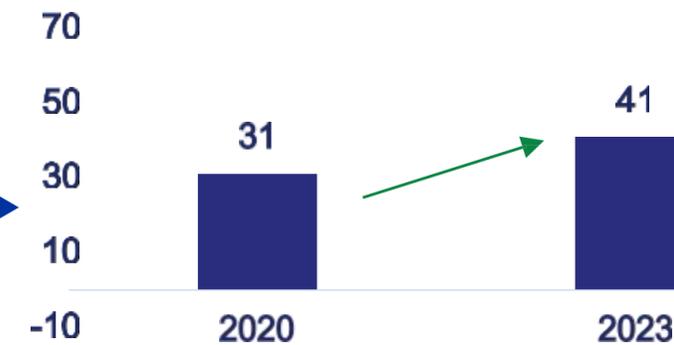
7 Self service centres

Outcomes

Total customer numbers
43% up (2023 vs 2020)



Net promoter score (NPS)



Customer satisfaction index (CSI)



REFLECTING ON OUR 2020 - 2023 JOURNEY: EXECUTING WITH EXCELLENCE



2020



Aligned **collection** to customer cashflows on payment dates



Managing Costs



Digitisation in assets & collections process

2021 - 2023 Key highlights



Automated the Trade process



Internal Operations



Managing Risk



⌚ **Automated the trade process**

→ Improved TAT from 3hrs to approximately 30min

⌚ **Internal Operations**

- Implemented more than 50 APIs to enhance our client centricity
- Applications on cloud
- Bots for internal processes and customer interactions
- Digitised risk and compliance processes

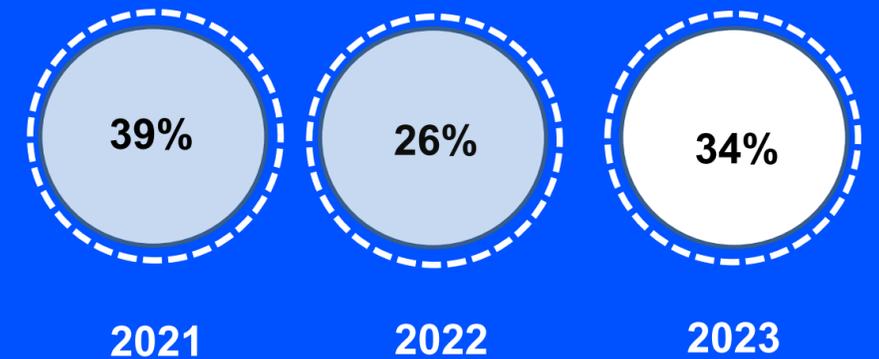
⌚ **Managing risk**

- Geopolitical tensions (Global and local)
- Technology and Cyber risk
- Elevated credit risk (Macro pressure)

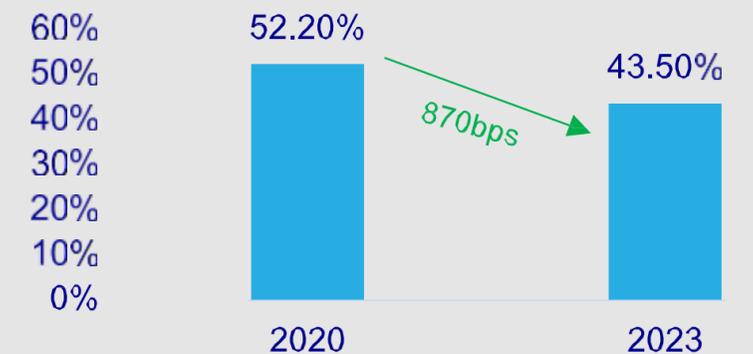
>90% of transactions are on digital channels

Outcomes

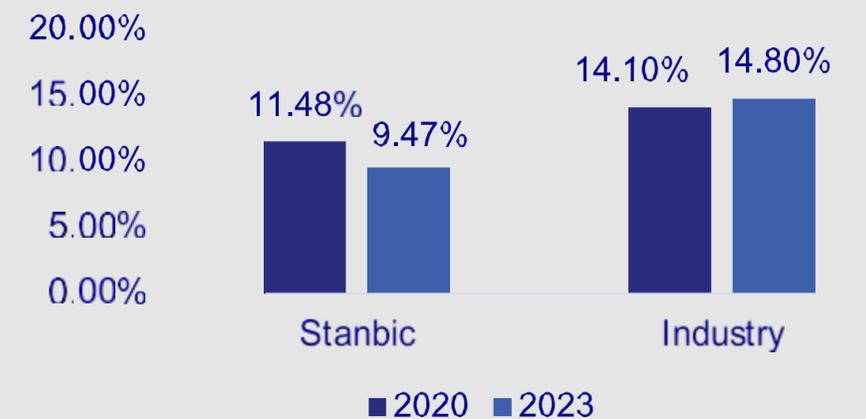
Double Digit PAT Growth



Cost to income (CTI)



Below industry NPL ratio



REFLECTING ON OUR 2020 - 2023 JOURNEY: DRIVING SUSTAINABLE GROWTH & VALUE



A Unique Way Of Banking



SEE Impact



Financial Inclusion and Enterprise Development

- 1,634 MSMEs benefitted from grants, capacity building & access to finance
- KES 208m in grants and catalytic funding
- KES 19.3b loans issued to D.A.D.As (women) since inception
- Inclusive resourcing - 6.54% of our 2023 spend was to women owned vendors.
- 150,212 benefitted from digital skills



Infrastructure

- Nairobi Expressway
- Road annuity program
- KES 830m lent under affordable housing



Health

- 192 ventilators donated
- 845 SMEs in health sector trained
- Over 36k screened for cancer free of charge

REFLECTING ON OUR 2020 - 2023 JOURNEY: DRIVING SUSTAINABLE GROWTH & VALUE



Signatory
to UN Global compact



United Nations
Global Compact

SEE Impact



Trade and Investment

- KES 95.7b trade facilities



Education

- Education Sponsorships – 116 students sponsored
- Brigid Koskei Foundation Fees for 50 students, desks and water tank for the school
- School Feeding Program – 1,529 students fed daily, over 231k meals served
- 624 computers donated



Climate Change and Sustainable Finance

- Green bond and Sustainability linked loans
- Arranger, Lender and Facility agent for the largest ESG linked loan in East Africa
- 95% of waste recycled



Diversity & inclusion

Total staff compliment

- Male : Female – 52:48
- Differently Abled – 6 staff
- Youth – 33%
- 2023 - Rolled out a Graduate Training Program (24 graduates on an 18 - month program)

Senior management

- 38% of women at senior management level

Board

- 33% females at board level

TRUSTED FINANCIAL PARTNER

We are part of the largest financial services group in Africa



Making our presence felt

- 113 years of serving our clients (Established in 1911)
- A member of Standard Bank Group
- 74.92% owned by Standard Bank
- 6th largest bank by assets in Kenya
- Universal bank



What are we known for?

- Best Investment Bank in Kenya 2013-2023
- Best Trade Finance Bank in Kenya 2016-2022
- Best Private Bank in Kenya 2017-2019
- Best FX Provider in Kenya 2014-2018
- Best Corporate Bank 2016-2017
- Safest Bank in Kenya 2017-2018



- **WORLD'S BEST INVESTMENT BANK IN KENYA**
Global Finance
- **WORLD'S BEST SUB-CUSTODIAN BANK IN KENYA**
Global Finance



- **MERGERS & ACQUISITIONS FINANCIAL ADVISERS (DEAL FLOW) EAST AFRICA**
Deal Makers Africa award

- **BEST INVESTMENT BANK IN KENYA**
Euromoney Awards for Excellence 2023



- **EAST AFRICA INVESTMENT BANK OF THE YEAR**
· Bonds, Loans & ESG Capital Markets
Africa Awards



- **WORLD BEST EMPLOYERS**
Forbes 2023



- **BEST IMPACT INVESTING INITIATIVE (D.A.D.A BY STANBIC)**
· DIAR 2023 awards

ICBC  Strategic co-operation with the largest bank in the world

LOOKING AHEAD - 2024 TO 2026 AMBITION



Our Purpose

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Our Vision

TO BE A LEADING FINANCIAL SERVICES ORGANISATION IN KENYA AND SOUTH SUDAN, DELIVERING EXCEPTIONAL CLIENT EXPERIENCES AND SUPERIOR VALUE

STRATEGIC PRIORITIES

1 Transform Client Experience 

2 Execute With Excellence 

3 Drive Sustainable Growth And Value 

OUTCOMES

14 -16%
Revenue Growth CAGR

+50
NPS SCORE

41- 43%
Cost-To-Income Ratio

<9%
NPL RATIO

23-25%
Return On Equity

Well Positioned For The Future

Strong Growth Prospects

Healthy balance sheet

Skilled Workforce

Robust Business Model Banking, Insure, Invest and Beyond

Trusted Brand

Sustainable Community Engagement

03 Financial Outcomes



**PROFIT
AFTER TAX
Kes12.2B**

⬆ UP 34%

2023 PERFORMANCE REFLECTION



INCOME STATEMENT HIGHLIGHTS

Our strategy is delivering the desired return outcomes



Revenue

2023: 41.3b
2022: 32.1b

↑ 29%



Net Interest Margin

2023: 5.97%
2022: 5.20%

↑ 77bps



Cost to Income

2023: 43.5%
2022: 46.7%

↓ 312bps



Credit Loss Ratio

2023: 2.35%
2022: 2.21%

↑ 14bps



Profit after tax

2023: 12.2b
2022: 9.1b

↑ 34%



Return On Equity

2023: 18.6%
2022: 15.3%

↑ 333bps



Earnings Per Share

2023: KES 30.75
2022: KES 22.92

↑ 34%



Dividend per Share

2023: KES 15.35
2022: KES 12.60

↑ 22%

KEY FINANCIAL METRICS DEPICT STRENGTH, RESILIENCE, GROWTH, EFFICIENCY AND BETTER RETURNS



Profit After Tax

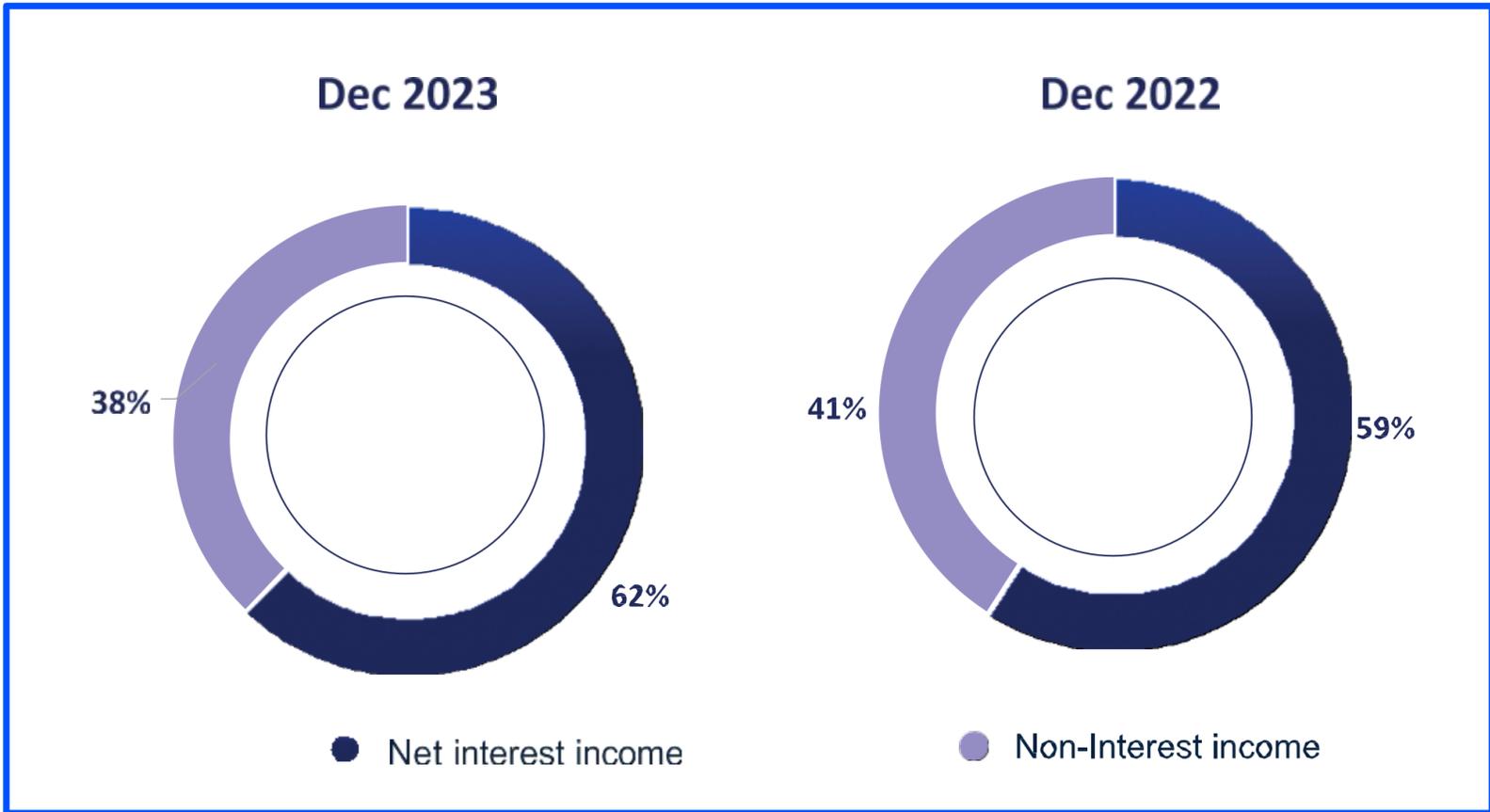
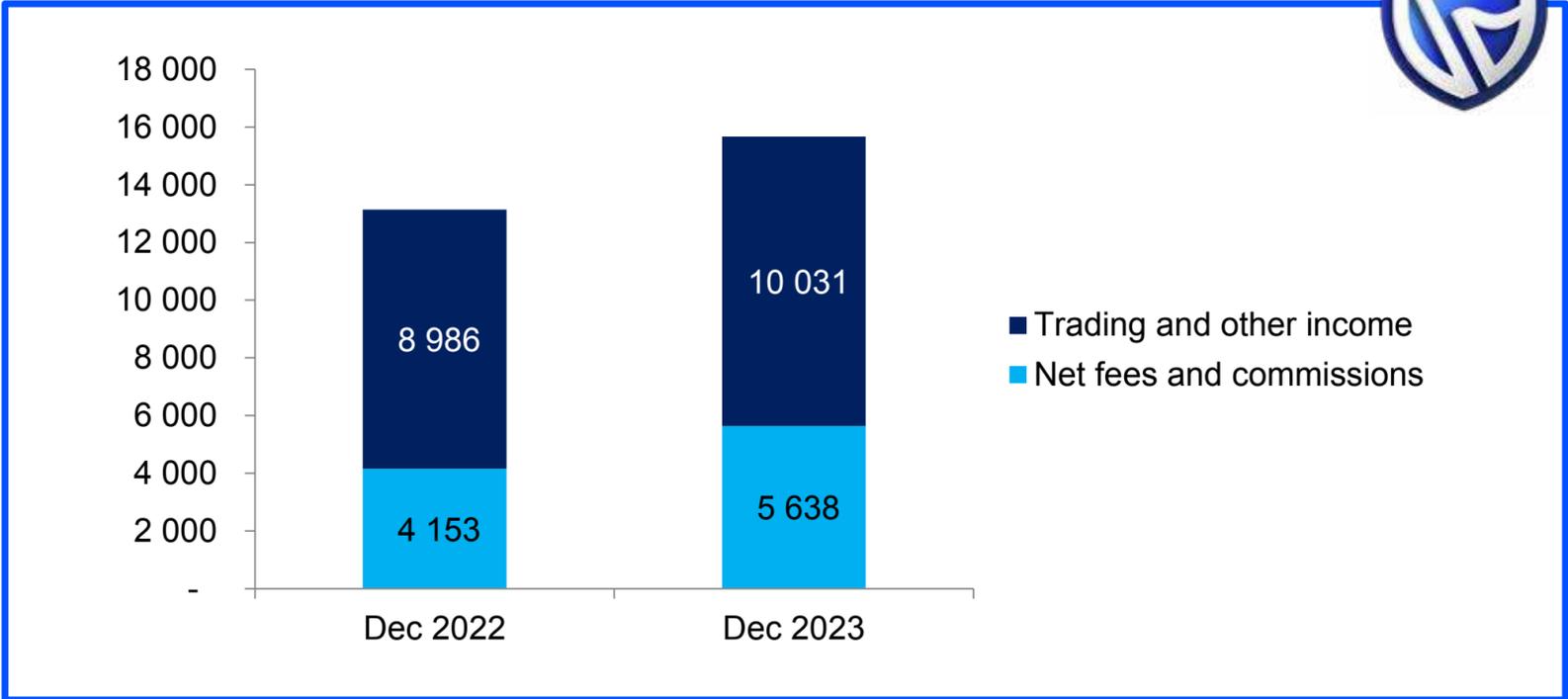
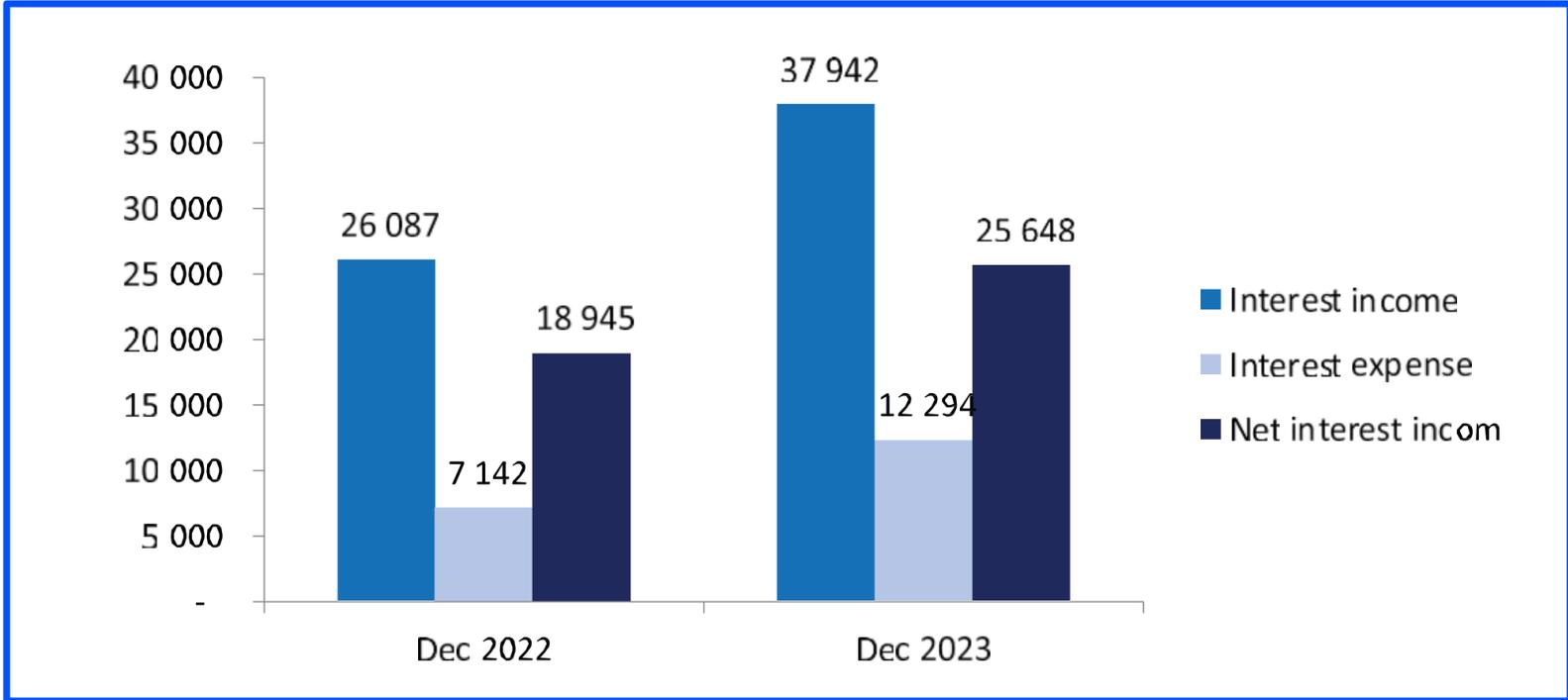
	Dec 2023 KES m	Dec 2022 KES m	% Change
Net interest income	25,648	18,945	35
Non-interest revenue	15,669	13,139	19
Total income	41,317	32,084	29
Operating expenses	(17,987)	(14,968)	20
Pre-provision profit	23,330	17,116	36
Credit impairment charges	(6,236)	(4,944)	26
Profit before tax	17,094	12,172	40
Tax	(4,936)	(3,112)	59
Profit after tax	12,158	9,060	34

Key highlights

The Group (Kenya Bank, South Sudan Branch, SBG Securities and Stanbic Insurance Agency Limited) reported a profit after tax of KES 12.2b;

- 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 and mobile banking fees
- Costs growth reflecting the high inflationary pressure coupled with business growth costs and currency depreciation. Adjusted for these, YoY growth on costs is 12%
- Increase in credit impairment charges mirroring tough operating environment

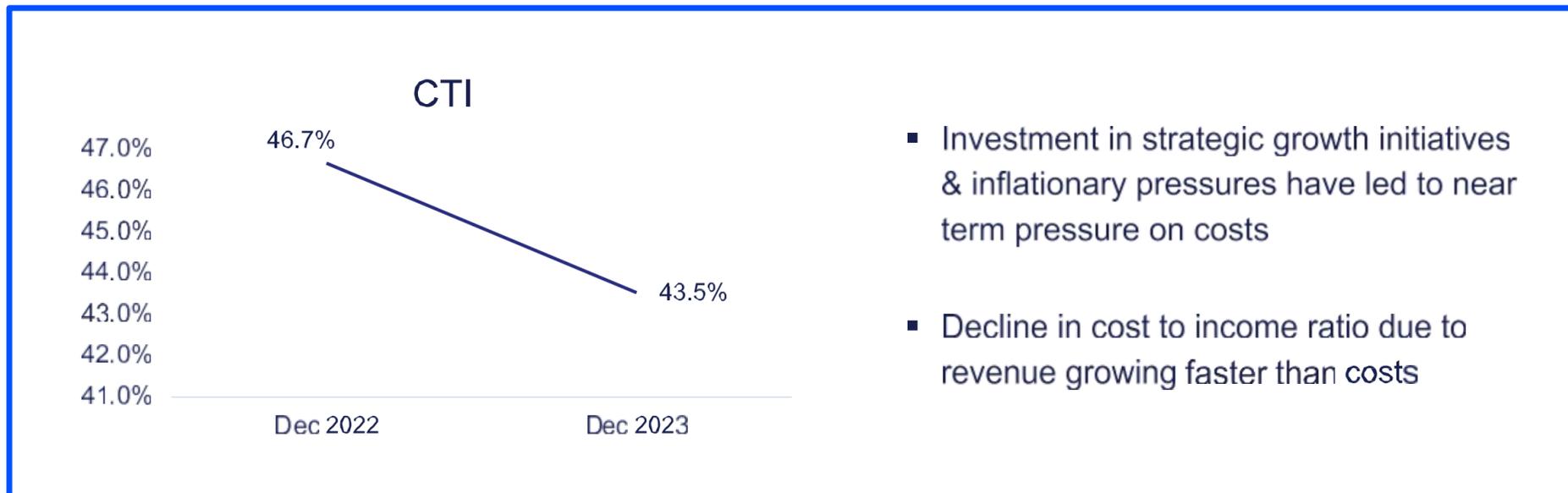
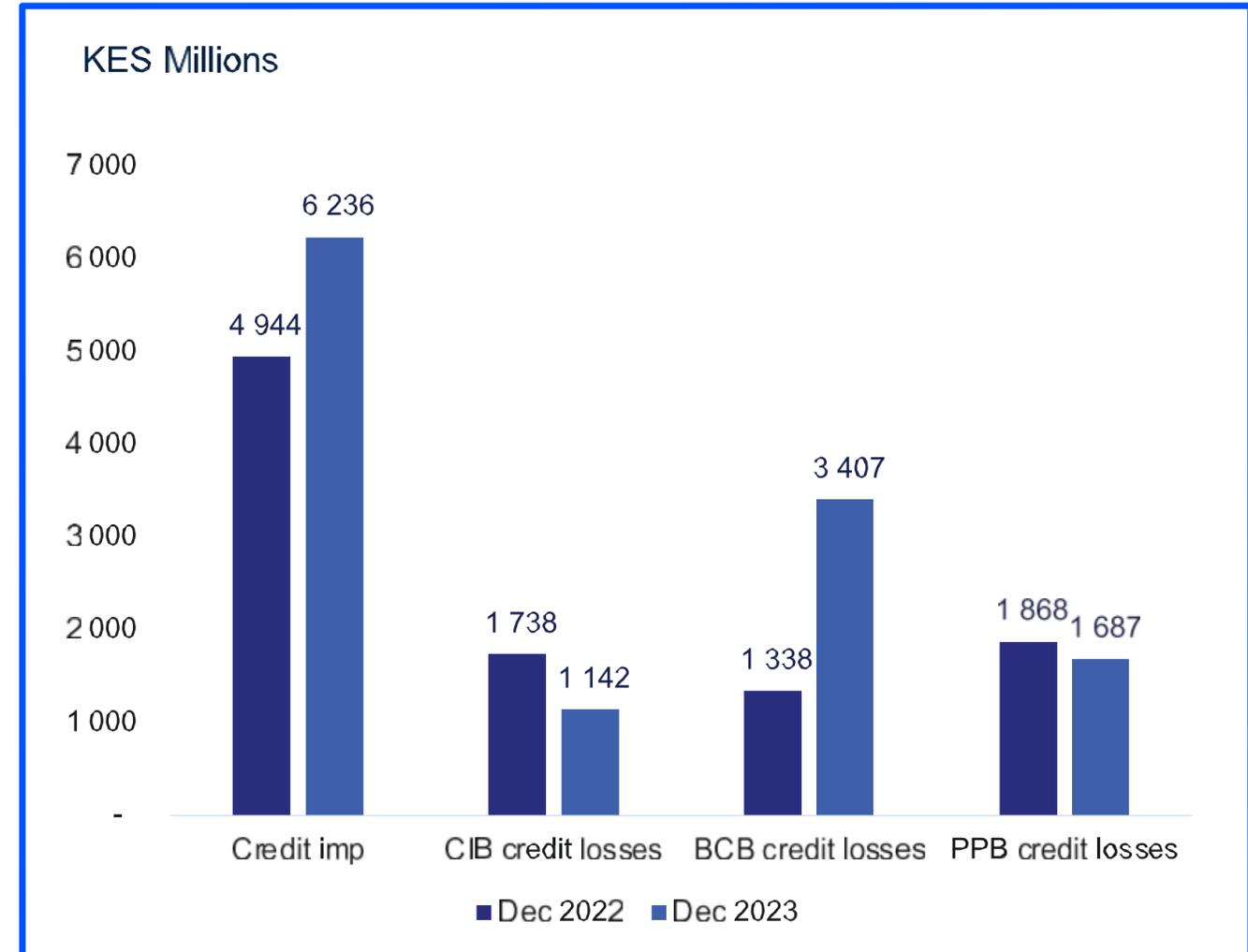
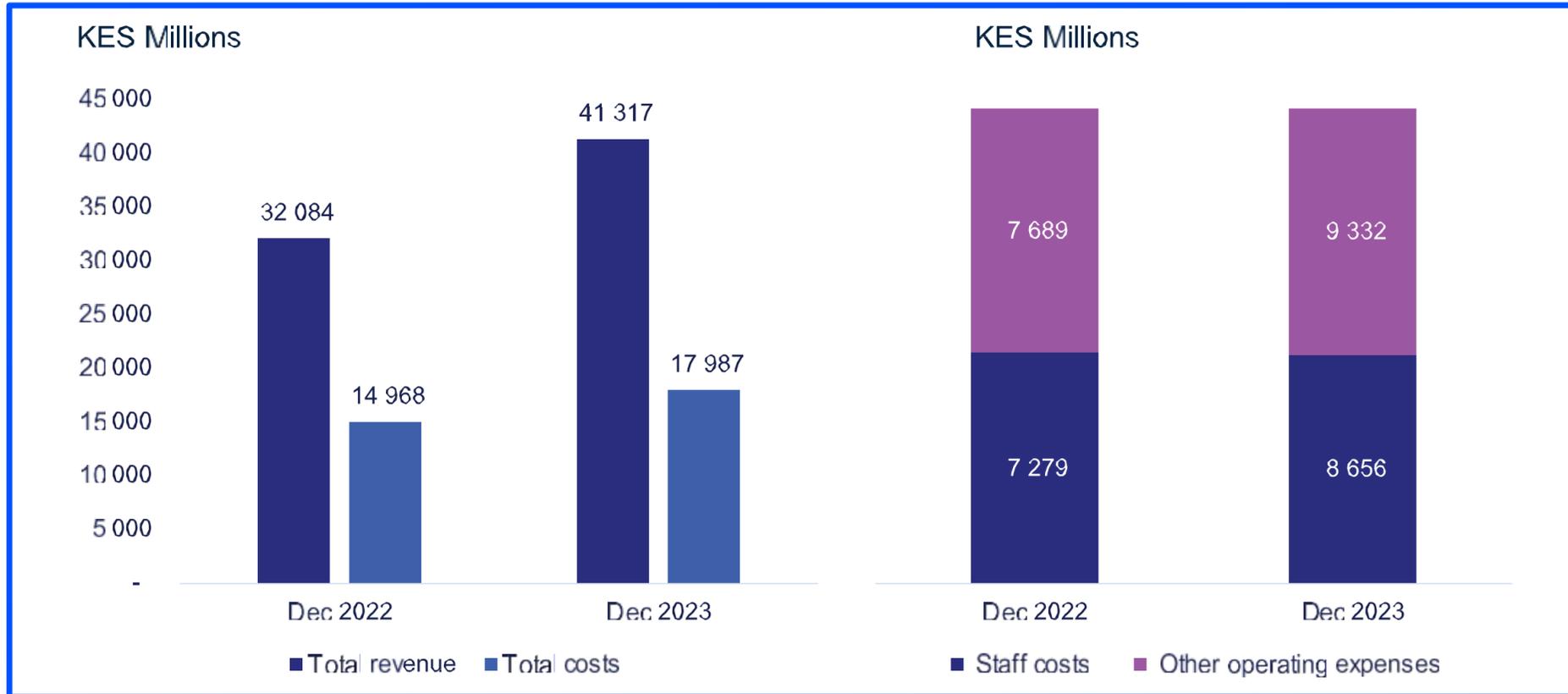
STEADY GROWTH IN ALL INCOME LINES



Key Takeouts

- Balance sheet growth of 15% YoY with strategic management of the mix to cushion the Bank against the changing environment and ensure the Bank maximises the opportunities presented the shifting macros resulted to additional NII
- The Central Bank lending rates increased by 375bps (8.75% to 12.50%) YoY, increasing interest income yields
- The depreciation of the KES against the USD and increased demand of the USD liquidity in the market presented an opportunity for increased volumes and better margins thus driving FX margins and volumes growth due to currency volatility

PRESSURE ON CREDIT RISK AND COST GROWTH, HOWEVER REVENUE CONTINUED TO GROW FASTER



Key highlight

- Growth in impairment charges mainly within Business and Commercial banking segment

BALANCE SHEET HIGHLIGHTS



Total Assets

2023: 459b
2022: 400b
↑ 15%



Customer Loans

2023: 261b
2022: 235b
↑ 10%



Customer Deposits

2023: 321b
2022: 271b
↑ 18%



NPL Ratio

2023: 9.47%
2022: 11.09%*
↓ 162bps



Liquidity Ratio (Bank)

2023: 40.2
Statutory
Minimum: 20%



Total Capital Ratio (Bank)

2023: 16.6%
Statutory
minimum: 14.5%



GROWTH IN KEY PERFORMANCE DRIVERS



KES millions	2023	2022	Change %
Assets			
Financial investments	45 345	83 551	(46%)
Loans and advances to banks	95 705	30 962	209%
Loans and advances to customers	260 509	235 867	10%
Other assets	57,725	49,450	17
Total assets	459 284	399,830	15
Liabilities			
Deposits from banks	26 004	32,753	(21)
Deposits from customers	321 234	271,564	18
Borrowings	12 713	10,141	25
Other liabilities	30 780	23,174	33
Total liabilities	390 731	337,632	16
Equity			
Total equity	68,553	62,198	10
Liabilities and equity	459,284	399,830	15

Key highlights

- Strong growth in customer loans with a 10% YoY growth underpinned by demand in energy, manufacturing and Telco sectors
- Strong growth in customer deposits largely due to the bank's tactical strategy to mobilize liabilities

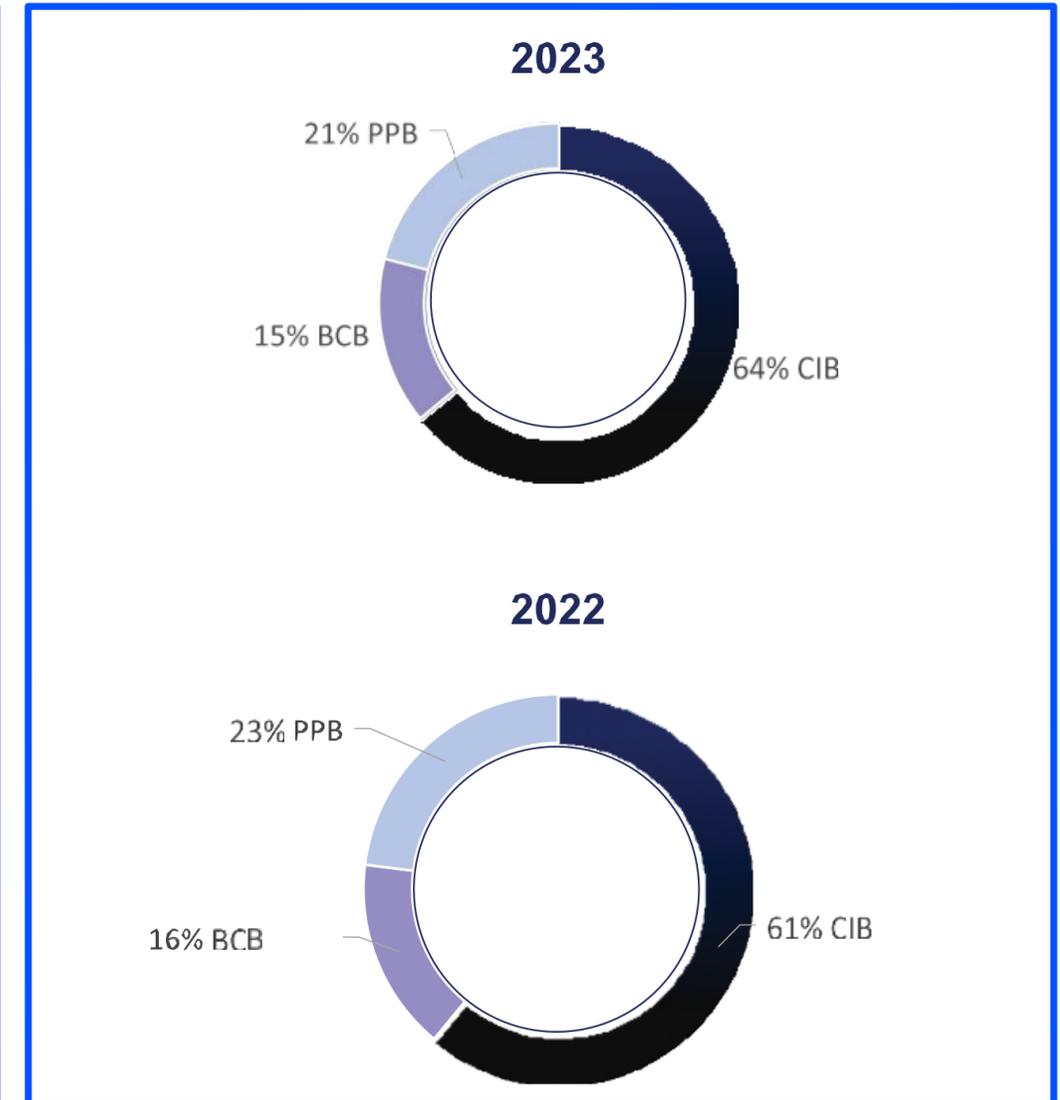
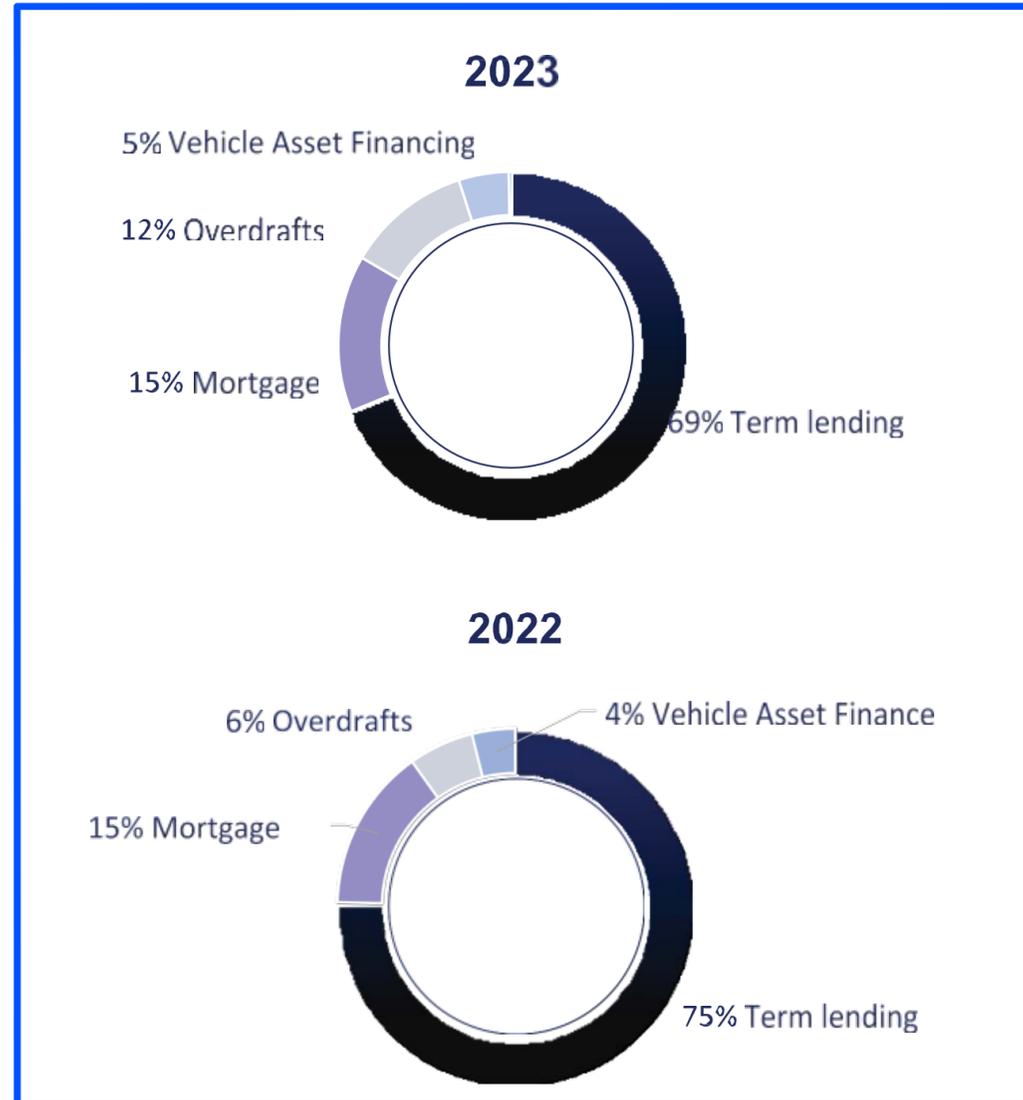
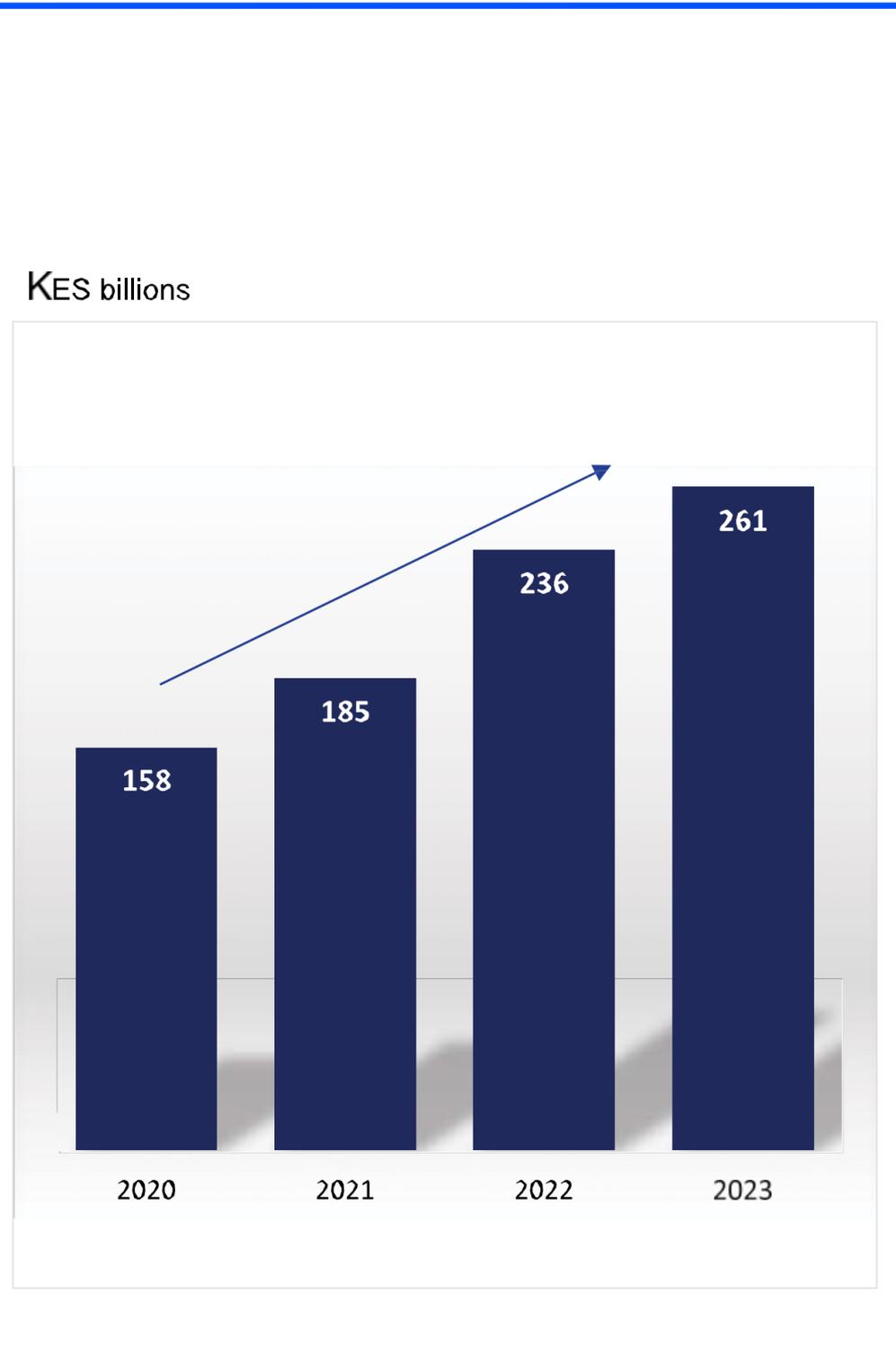
DOUBLE DIGIT LOAN BOOK GROWTH



Net Loans and advances to customers

Loans and advances by product

Loans and advances by business unit



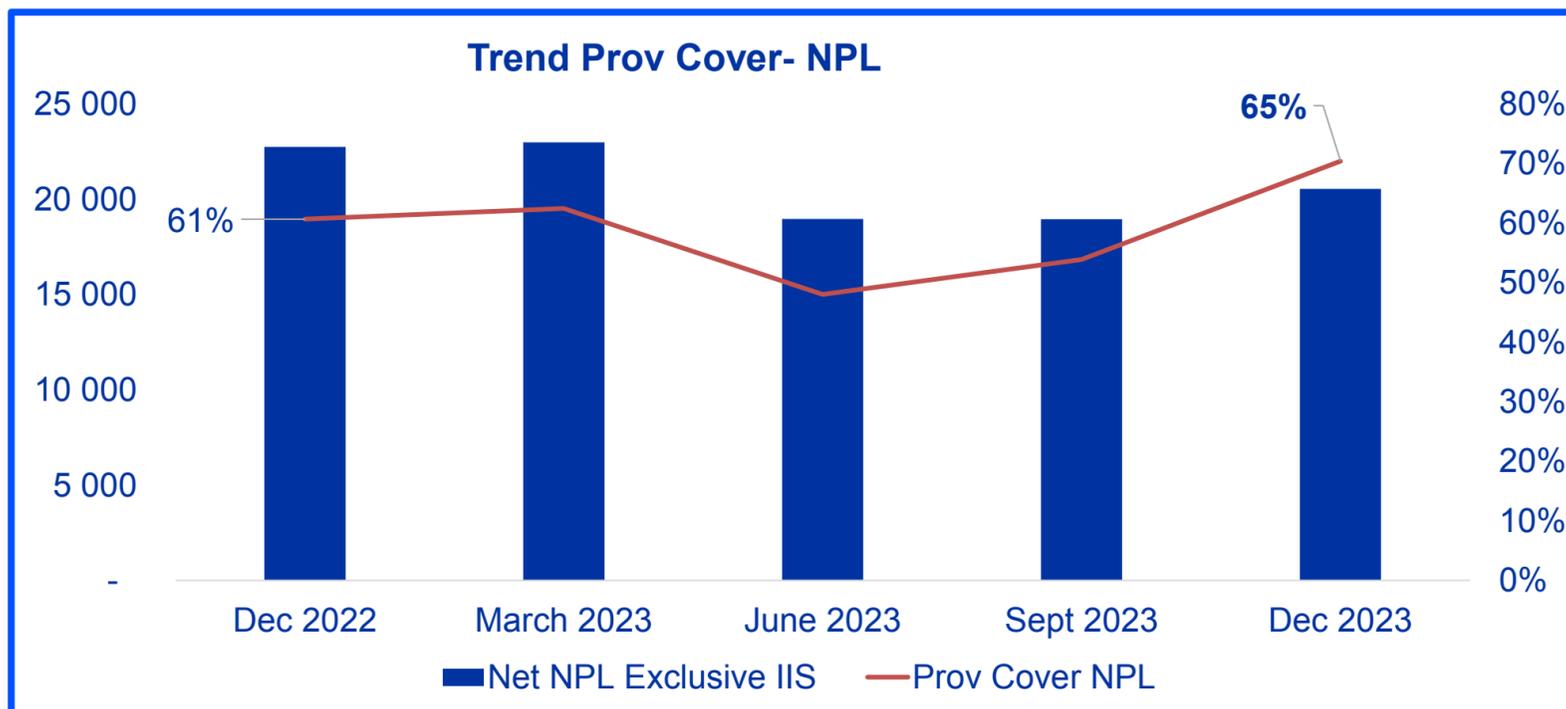
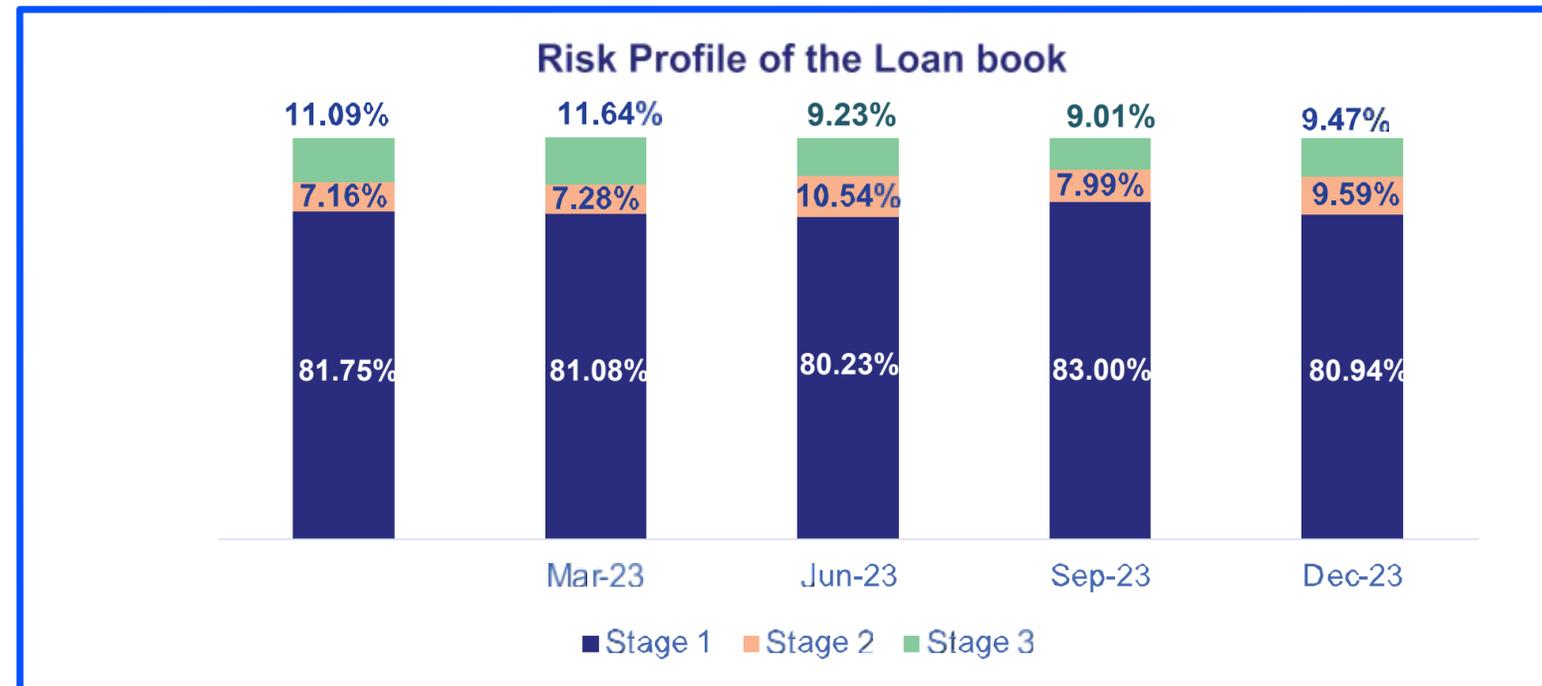
Key Takeouts

* Loan growth across all business segments

GENERALLY, A HEALTHY BOOK WITH IMPROVED COVERAGE FOR NPL PORTFOLIO AND SIGNIFICANT RECOVERIES



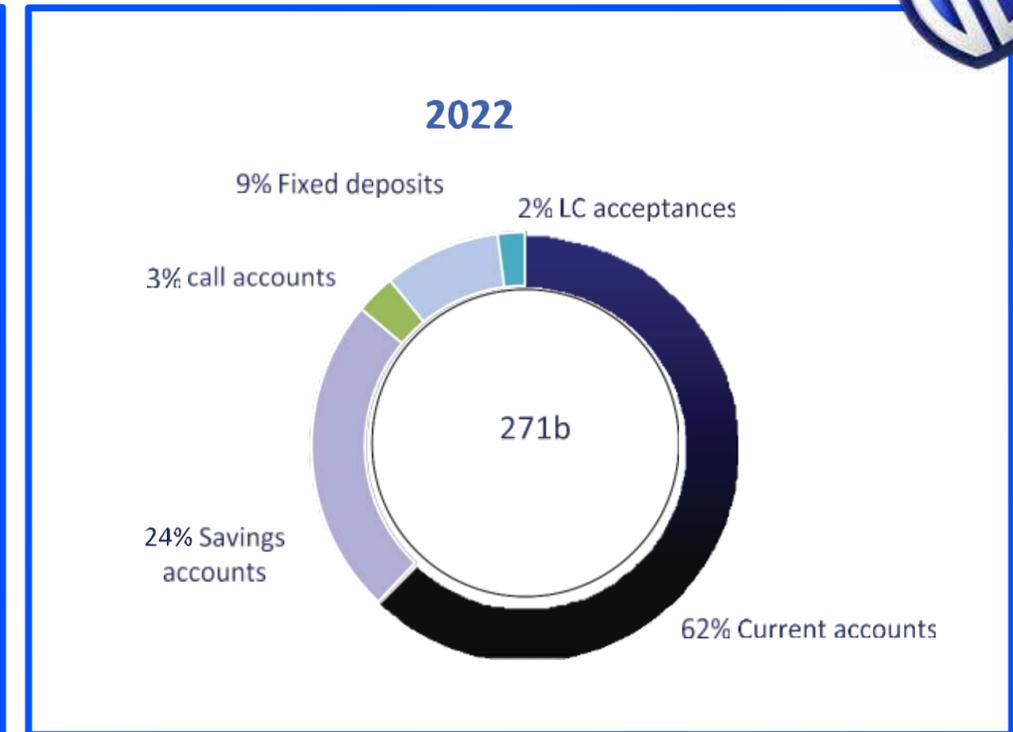
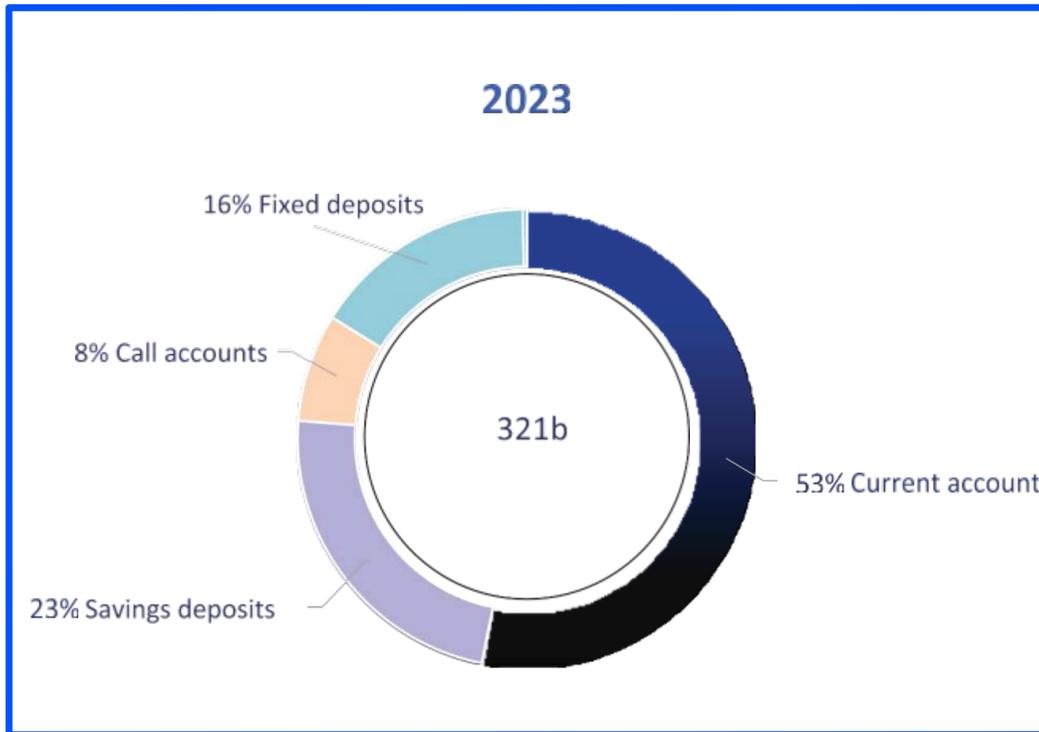
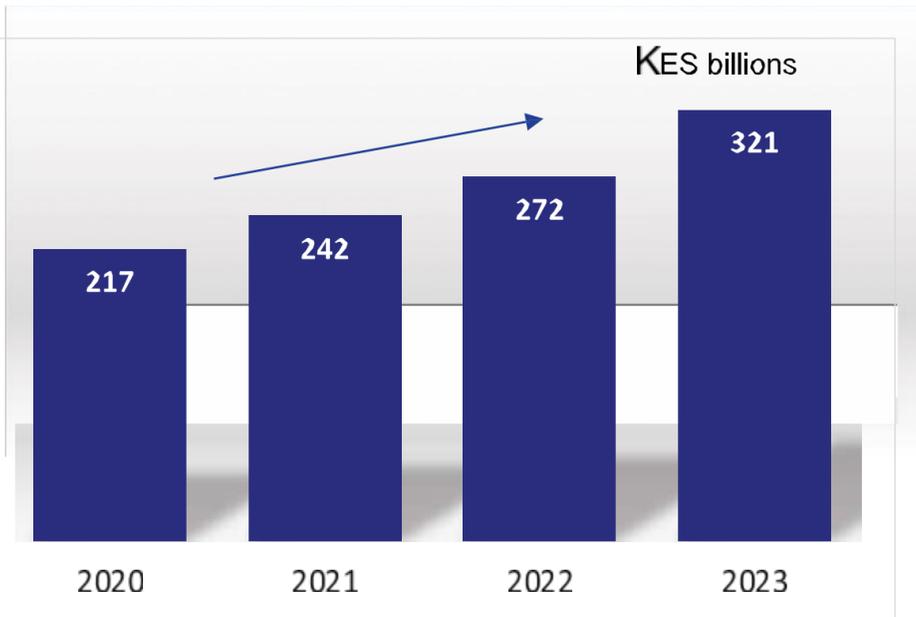
Efforts to focus on intensity of recoveries, management of names showing signs of distress and an enhanced stakeholder engagement model



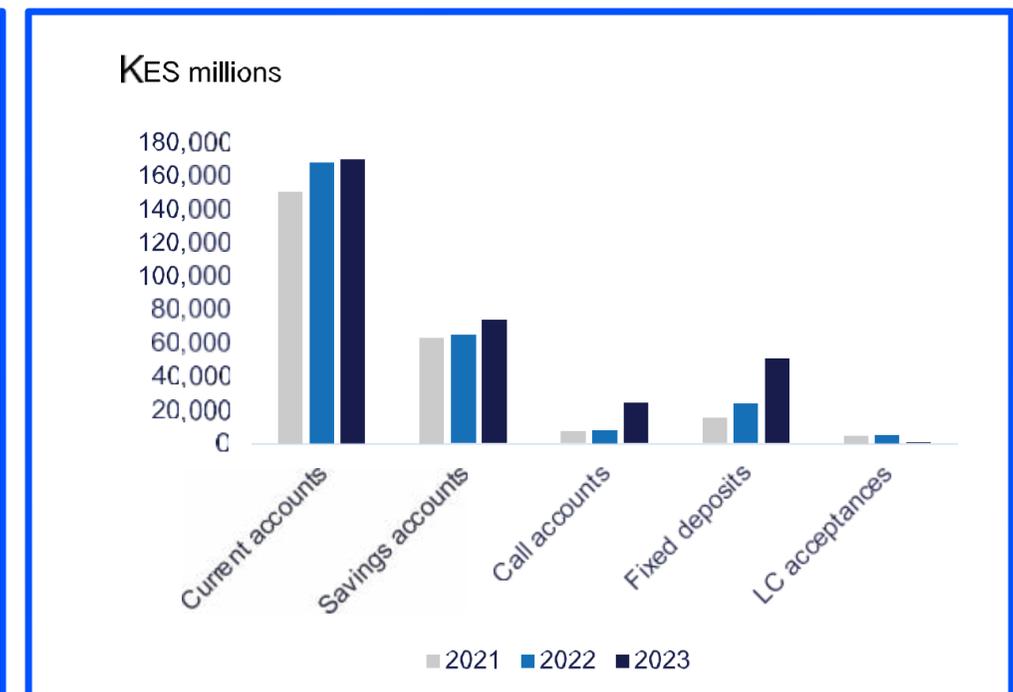
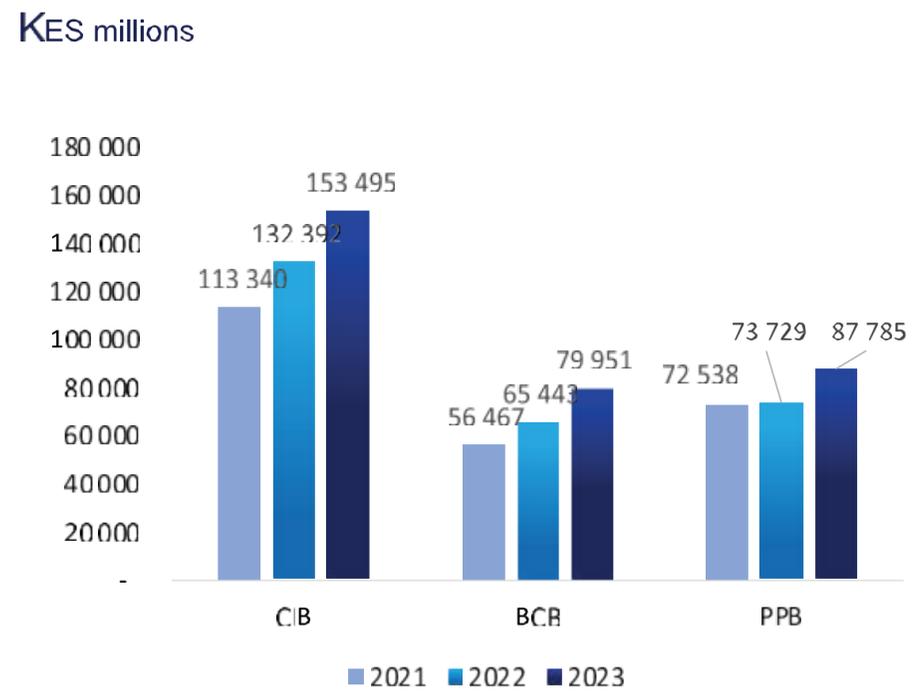
Key Highlights

- The prevailing economic conditions in 2023 resulted in deterioration of the loan book, with an increase in stage 2 loan book composition as well as the stage 3 book.
- NPLs provisions cover increased to ensure adequate coverage. This was specific names within BCB and one legacy name in Corporate space.
- Commendable recovery efforts in the year amounting to Kes 1b, up from Kes 277m in 2022.

CUSTOMER DEPOSITS GROWTH AND RETENTION EFFORTS ARE DRIVING LIABILITIES MOBILISATION



Despite the macro-economic conditions our deposits have grown by 18% year on year



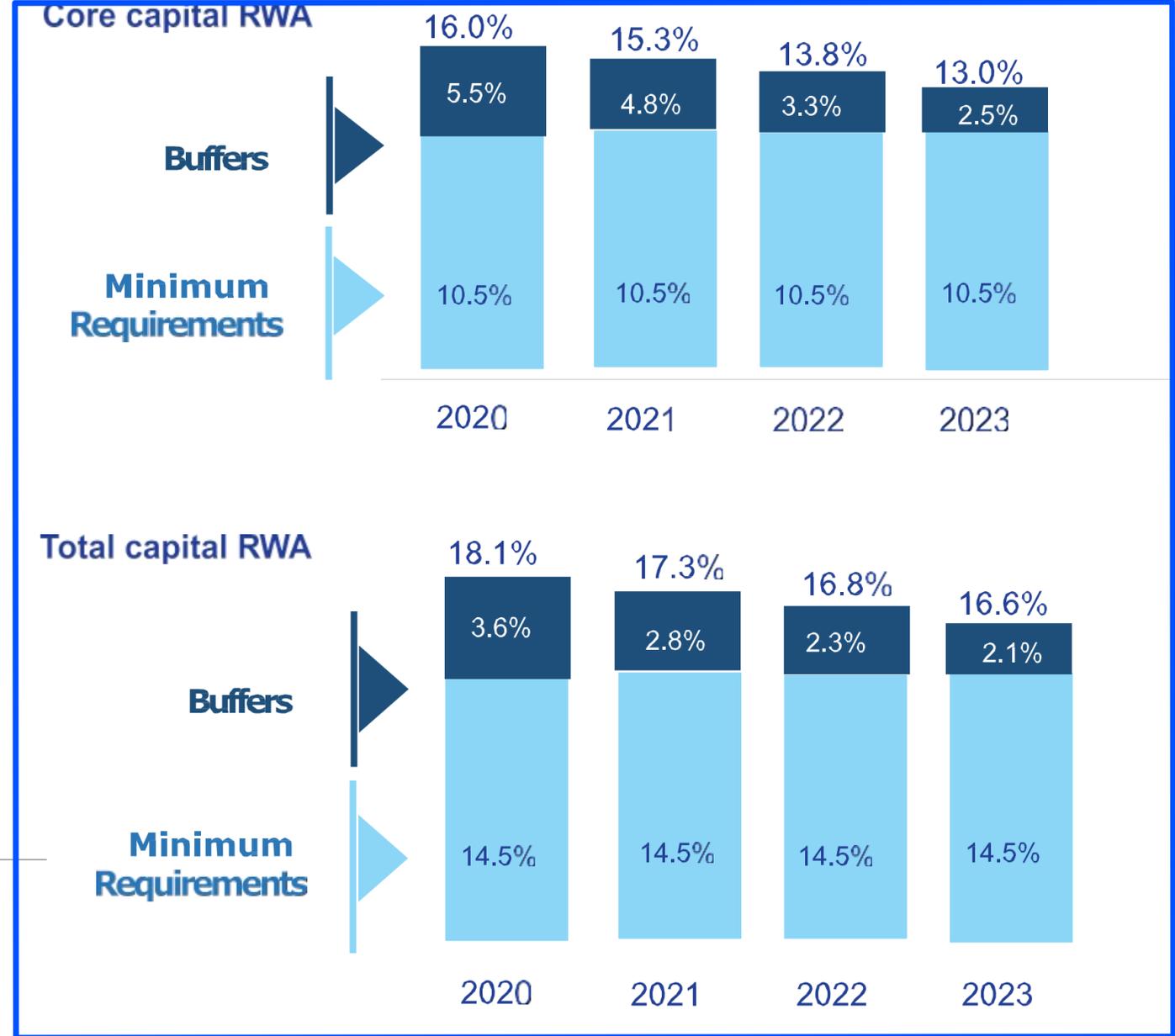
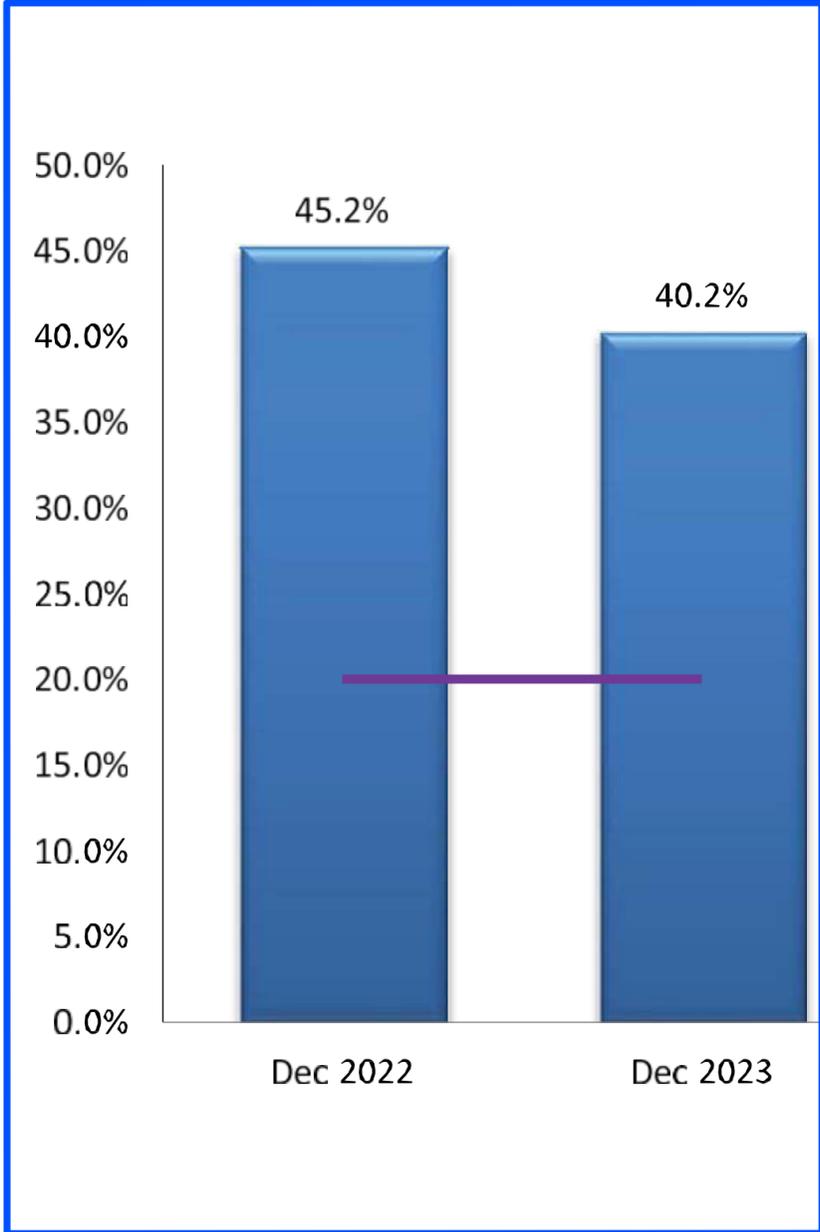
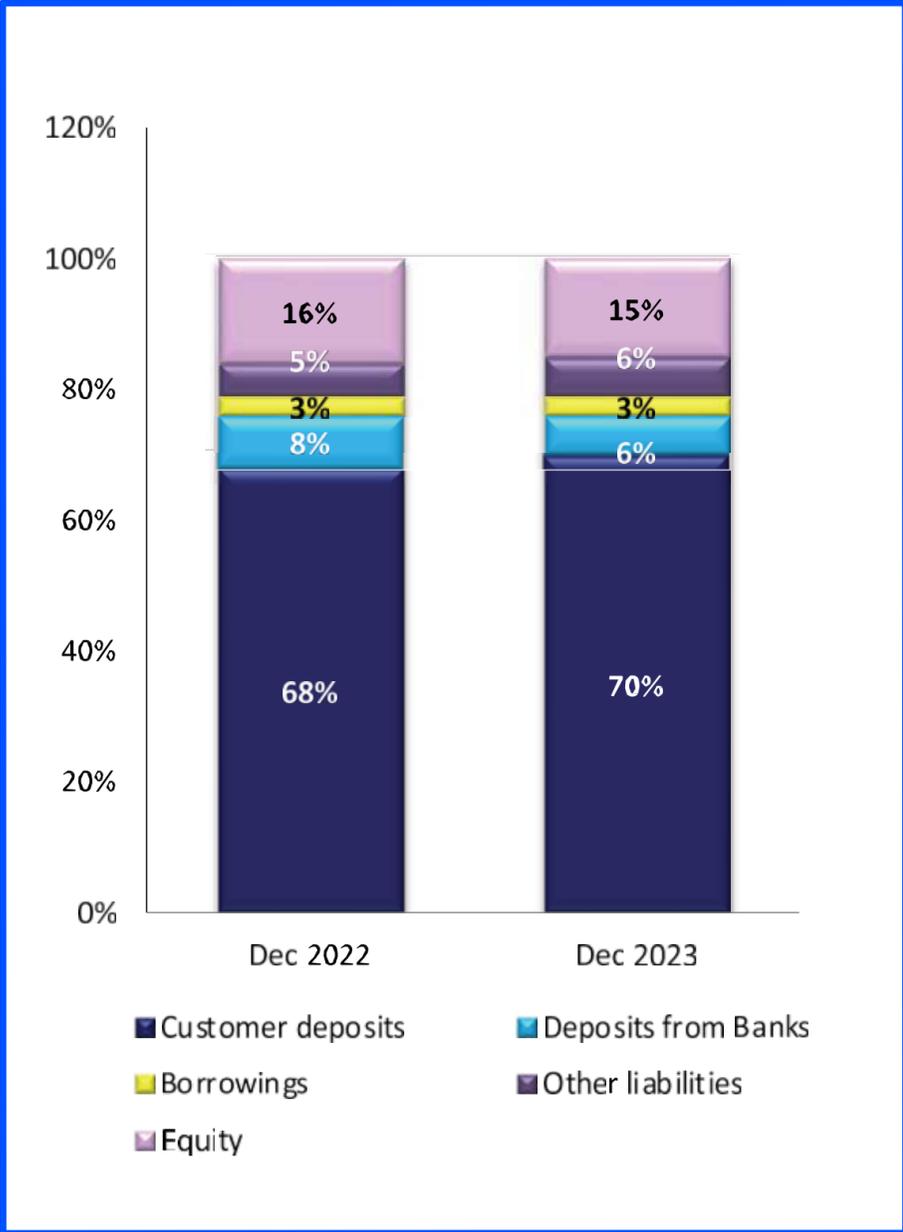
FUNDING AND CAPITAL CONSTRAINED BY THE TIGHT LIQUIDITY IN THE MARKET. HOWEVER, SUFFICIENT TO SUPPORT BUSINESS GROWTH



Funding

Liquidity Ratio (Bank only)

Capital adequacy (Bank only)



RWA - Risk weighted Assets

MEASURING UP AGAINST OUR 2023 TARGETS



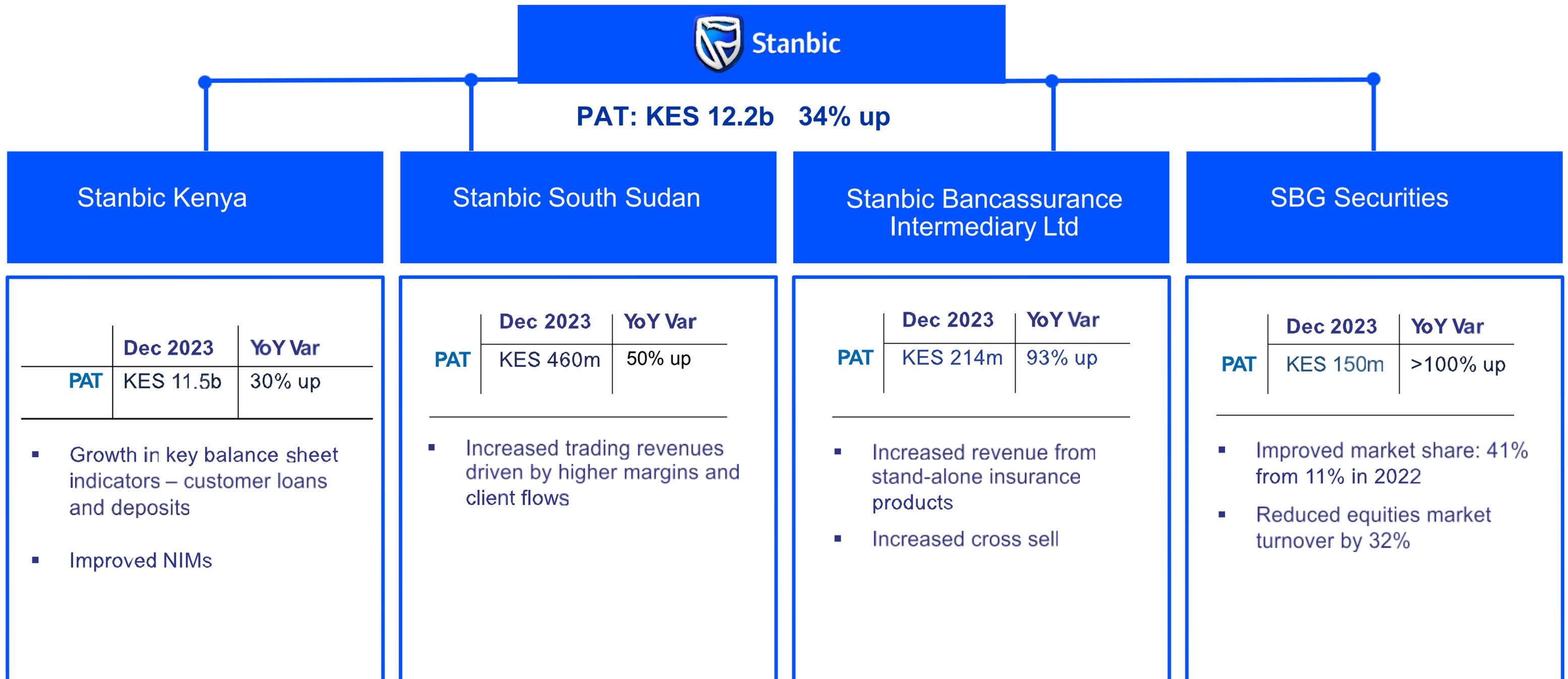
		2023 FY Target	2023 FY Actual
1 Transform Client Experience 	Customer Loans	Above Industry	10%
	Customer Deposits	Above Industry	18%
	Non- Funded Income	50%	38%
2 Execute With Excellence 	Cost to income ratio (CTI)	45.5%	43.5%
	NPL Ratio	10.77%	9.47%
3 Drive Sustainable Growth And Value 	Return on Equity (ROE)	>20%	18.6%



SUBSIDIARIES AND SEGMENT PERFORMANCE



SUBSIDIARIES AND BRANCH PERFORMANCE



SUMMARY PERFORMANCE OF CORPORATE AND INVESTMENT BANKING (CIB)



	Dec 2023 KES m	Dec 2022 KES m	% Change
Net interest income	13 410	10 198	31%
Non-interest revenue	10 611	9 393	13%
Total income	24 021	19 591	23%
Operating expenses	(8 874)	(7 179)	24%
Pre-provision profit	15 147	12 412	22%
Credit impairment charges	(1 142)	(1 738)	(34%)
Profit before tax	14 005	10 674	31%
Tax	(4 028)	(2 644)	52%
Profit after tax	9 977	8 030	24%
Credit loss ratio	0.7%	1.2%	
Customer loans and advances	167 178	144 373	16%
Customer deposits	153 495	132 392	16%

Key Takeouts

- Growth in interest income as a result of growth in loan book
- Continued strong performance on trading revenue on account of elevated client flows and higher margins in the year compared to prior year
- Diversified Investment Banking fee income streams
- Growth in customer loans and advances was mainly driven by increased working capital needs from our customers
- Growth in customer deposits mainly current account balances

SUMMARY PERFORMANCE OF BUSINESS AND COMMERCIAL BANKING CLIENTS (BCB)



	Dec 2023 KES m	Dec 2022 KES m	% Change
Net interest income	5 939	4 129	44%
Non-interest revenue	2 768	2 327	19%
Total income	8 707	6 456	35%
Operating expenses	(4 264)	(3 447)	24%
Pre-provision profit	4 443	3 009	48%
Credit impairment charges	(3 407)	(1 338)	>100%
Profit before tax	1 036	1 671	(38%)
Tax	(321)	(404)	(21%)
Profit after tax	715	1 267	(44%)
Credit loss ratio	8.6%	3.5%	
Customer loans and advances	39 820	38 670	3%
Customer deposits	79 951	65 443	22%

Key Takeouts

- Growth in net interest income as a result of growth in customer loans and deposits
- Increase in non-interest revenue supported by good client flows and growth in trade volumes
- Increased credit risk as a result of accelerated provisions for some names
- Increase in customer loans due to increased working capital requirements by our customers
- Growth in customer deposits mainly because of growth in transactional account balances

SUMMARY PERFORMANCE OF PERSONAL AND PRIVATE BANKING (PPB)



	Dec 2023 KES m	Dec 2022 KES m	% Change
Net interest income	6 289	4 809	31%
Non-interest revenue	1 760	2 039	(14%)
Total income	8 049	6 848	18%
Operating expenses	(4 584)	(4 335)	(6%)
Pre-provision profit	3 465	2 513	38%
Credit impairment charges	(1 687)	(1 868)	10%
Profit before tax	1 778	645	>100%
Tax	(509)	(113)	(100%)
Profit after tax	1 269	532	>100%
Credit loss ratio	3.2%	3.5%	
Customer loans and advances	53 511	52 843	1%
Customer deposits	87 785	73 682	19%

Key Takeouts

- Growth in interest income as a result of margin improvement and balance sheet growth
- Increase in non-interest revenue mainly driven by Improved transactional revenues following re-introduction of mobile banking charges and improved margins and volumes
- Improved CLR due to asset quality and proactive collections efforts
- Marginal growth in customer loans reflecting challenging operating environment for most households
- Growth in deposits supported by liabilities campaigns

SUMMARY PERFORMANCE OF INSURANCE AND ASSET MANAGEMENT (IAM)



	Dec 2023 KES m	Dec 2022 KES m	% Change
Net interest income	9	5	80%
Non-interest revenue	529	521	2%
Total income	538	526	2%
Operating expenses	(259)	(244)	(6%)
Profit before tax	279	282	(1%)
Tax	(84)	(85)	1%
Profit after tax	196	197	(1%)

Key Takeout

- Increased revenue due to:
 - Growth in bancassurance business
- Partly offset by
 - Slowdown in investments revenue as a result of a challenging operating environment

SUMMARY PERFORMANCE OF STANBIC BANCASSURANCE INTERMEDIARY LIMITED



	Dec 2023 KES m	Dec 2022 KES m	Change %
Net interest income	8	5	59%
Fees and commission	441	314	40%
Total income	449	319	41%
Total expenses	(141)	(158)	(11%)
Profit before tax	308	161	91%
Tax	(94)	(50)	88%
Profit after tax	214	111	93%

Key Takeout

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 LIMITED



	Dec 2023 KES m	Dec 2022 KES m	Change %
Brokerage commission	118	97	22%
Other revenue	293	82	>100%
Total income	411	179	>100%
Total expenses	(234)	(182)	(2%)
Profit before tax	177	(3)	>100%
Tax	(28)	1	(>100%)
Profit after tax	149	(2)	>100%

Key Takeout

- This performance reflects:
 - Significant growth in revenue year on year, mainly driven by increased market share and growth in advisory revenue
 - Overall, SBG Securities was ranked 1st in equities trading, with a market share of 41% compared to the 2nd position held in the previous year with a market share of 11%



Thank You

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