



Stanbic

STANBIC HOLDINGS PLC

1H 2024 INVESTOR PRESENTATION

8th August 2024



Contents

01

Chairman's
Remarks

02

Operating
Environment

03

Anchoring
our Strategy

04

Financial
Outcome
1H 2024



01 .Chairman's Remarks

KES

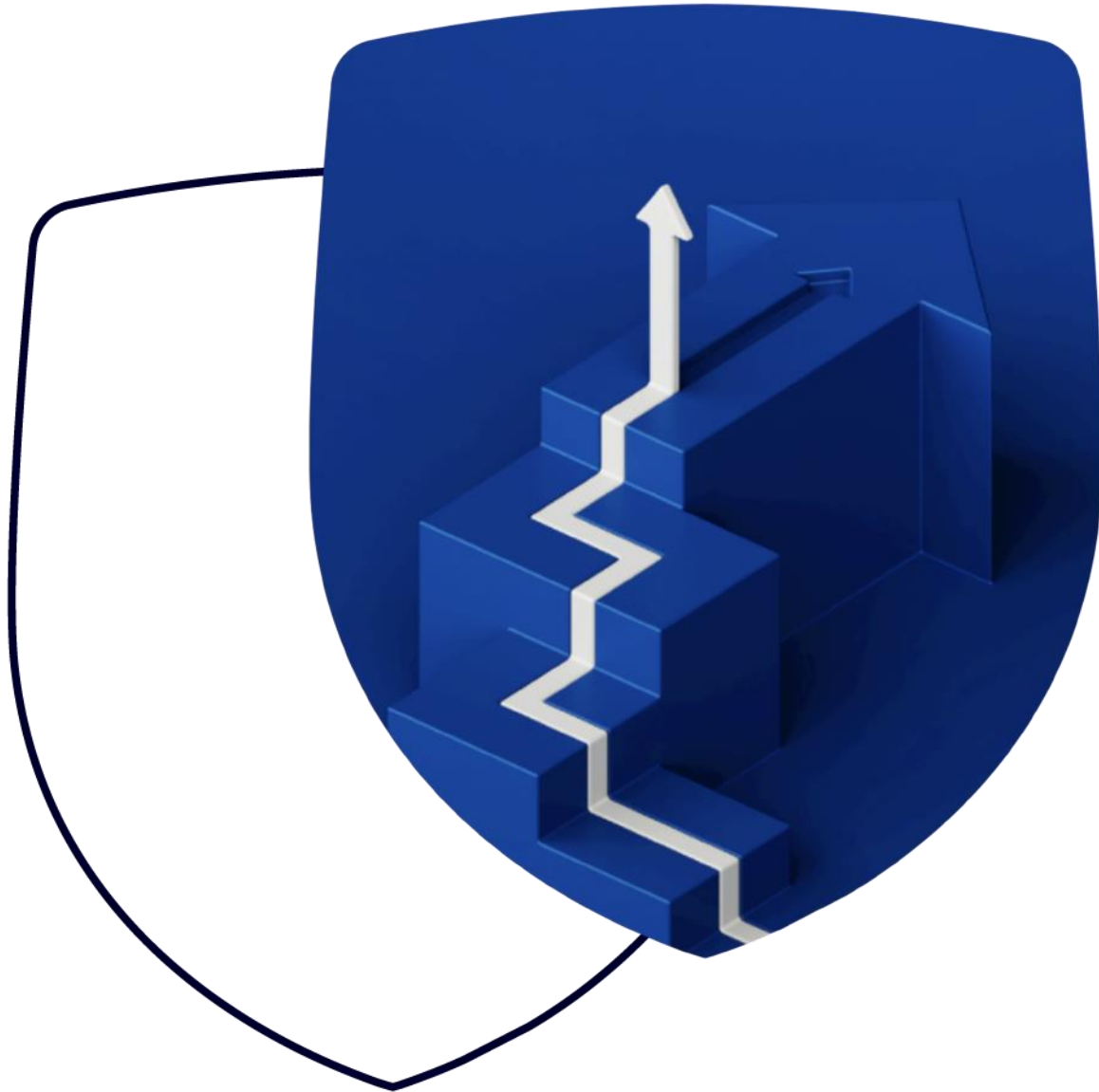
1.84

INTERIM
DIVIDEND PER
SHARE

JUNE 2023: KES 1.15

 60%

Joe Muganda
Chairman,
Stanbic Holdings Plc





02. Operating Environment

21.0%

RETURN ON EQUITY

JUNE 2023: 20.5%

▲ 50bps

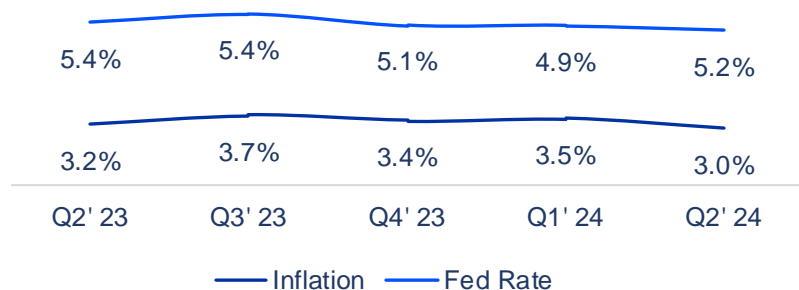
Patrick Mweheire
Group Chief Executive,
Stanbic Holdings Plc



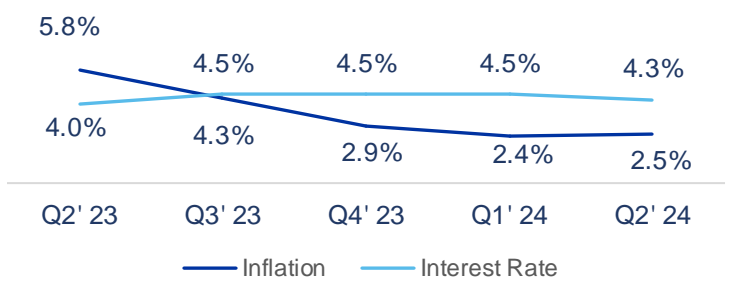
Macro Economic Environment : Global & Regional Perspective



USA

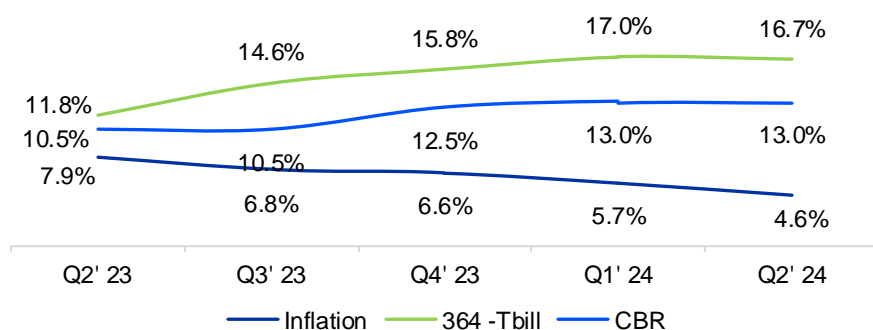


Eurozone

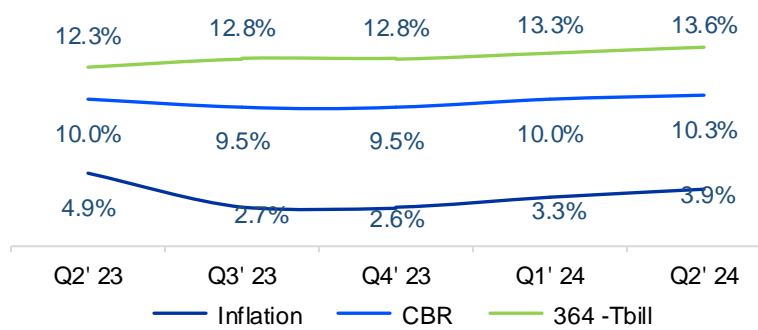


* Bloomberg.com

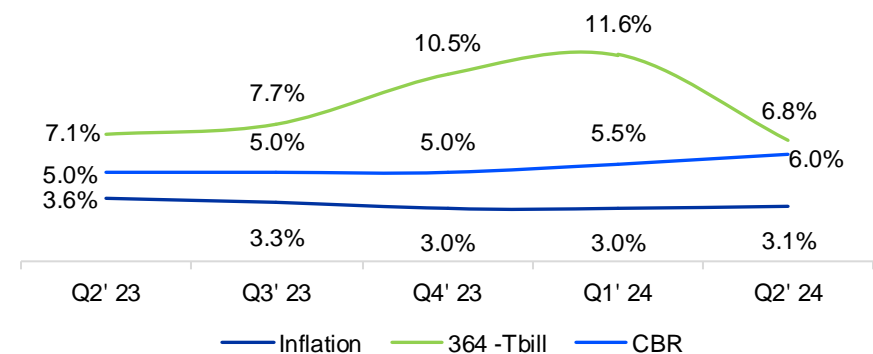
Kenya



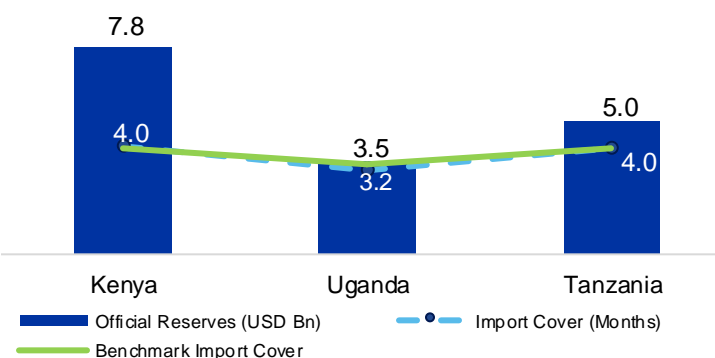
Uganda



Tanzania



Reserves



Global Landscape

Resilient economic growth and continued disinflation pointing towards optimistic growth trajectory amidst geopolitical tensions in:

- Russia – Ukraine conflict
- Israel – Hamas war
- Sudan conflict overflow since early 2023
- Wider Middle East conflict – Iran, Israel and Yemen hostilities.

GDP Growth – World economy forecast to continue growing at 3.2 percent in 2024

Global Inflation – Global inflation is projected to soften to 5.8% 2024 from 6.8% annual average in 2023 (IMF)

Climate Change – Continues to be a critical issue affecting ecosystems, weather patterns and global temperatures

Regional Landscape

Easing inflation – Across the East African market

Currency stability – Facilitating ease of trade and cross border transactions

Cooperation – Increasing trade opportunities and market access



Resilient Economy

- Kenya's economy grew by 5.0% year-on-year in 1H of 2024, down slightly from the 5.4% growth in the same period last year and 5.6% full year 2023.

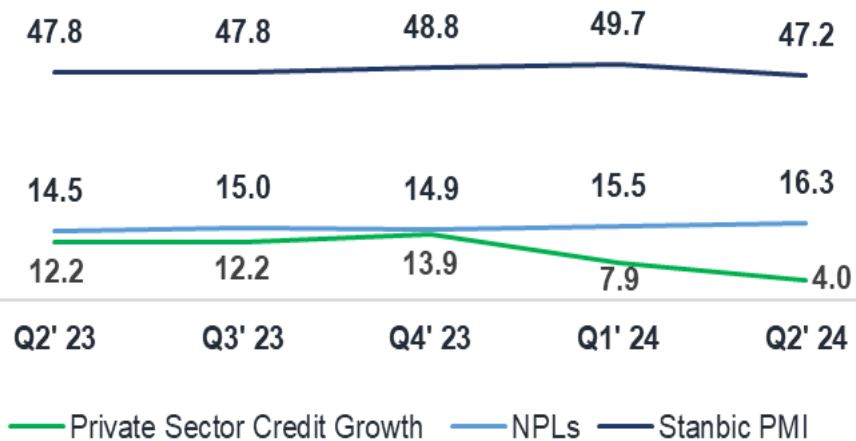
Softening Inflation

- The annual inflation rate in Kenya softened to 4.6% in June 2024 from 6.9% as at the beginning of the year largely driven by easing of food prices.

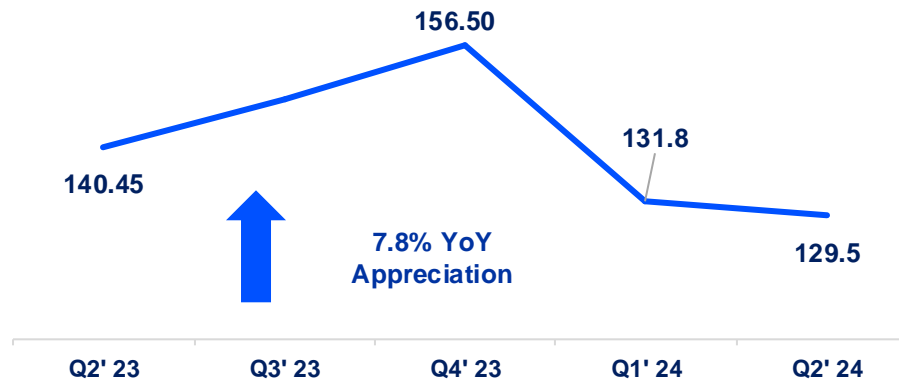
Currency & FX Reserves

- Kenya Shilling registered a 17% appreciation against the US dollar between December 2023 and June 2024 buoyed by increased dollar inflows.
- The usable foreign exchange reserves remained adequate at USD 7,800 million (4.1 months of import cover) as of June 2024.

Private Sector Credit Growth /NPLs/Stanbic PMI



USD-KES Exchange Rate Trend



Elevated Interest Rates

- High interest rates hampering private sector credit growth.
- CBK policy rate held steady at 13% from January to manage inflationary pressures.

Civil Unrest and Floods

- Catastrophic floods experienced between March and May 2024 leading to loss of lives, damaged property and infrastructure damages.
- Civil unrests following the contentious proposed tax hikes included in the 2024 Finance bill.

Moody's Downgrade

- Following the withdrawal of 2024/2025 Finance Bill, Moody's downgraded Kenya's credit rating from B3 to Caa1.



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

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

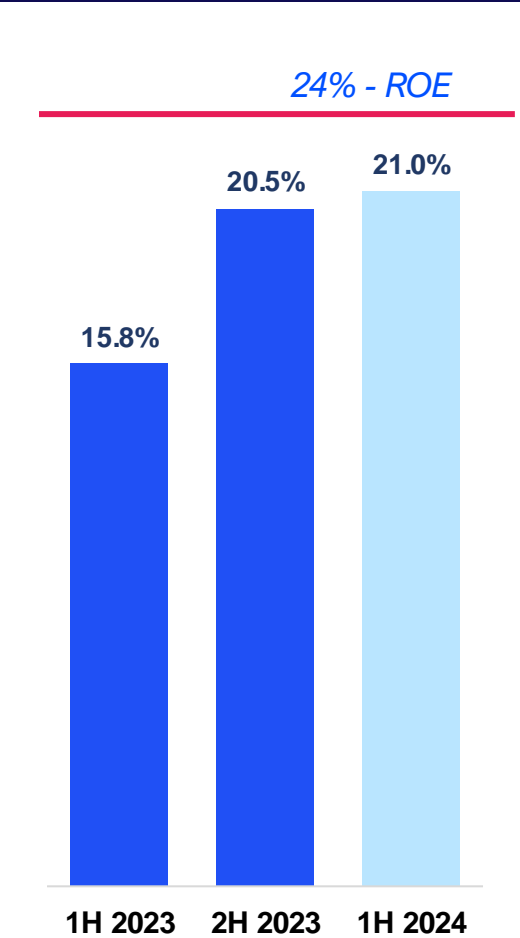
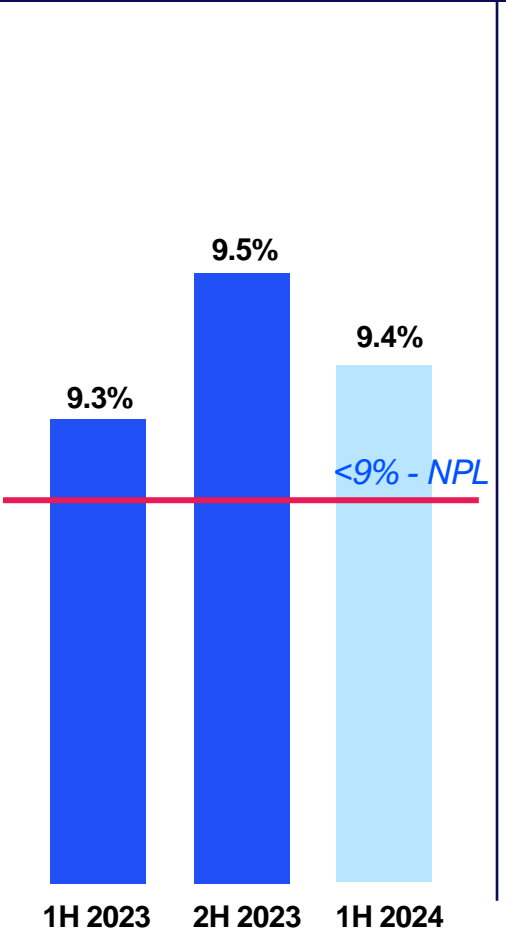
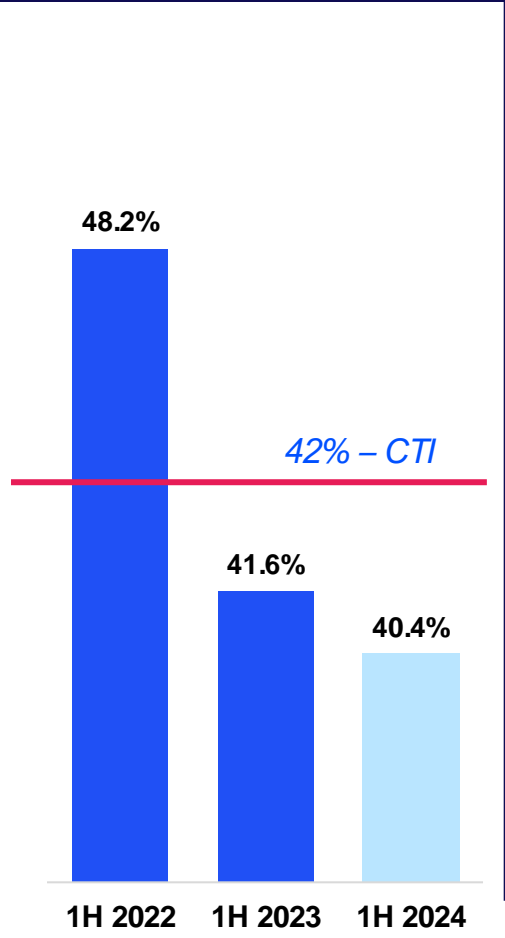
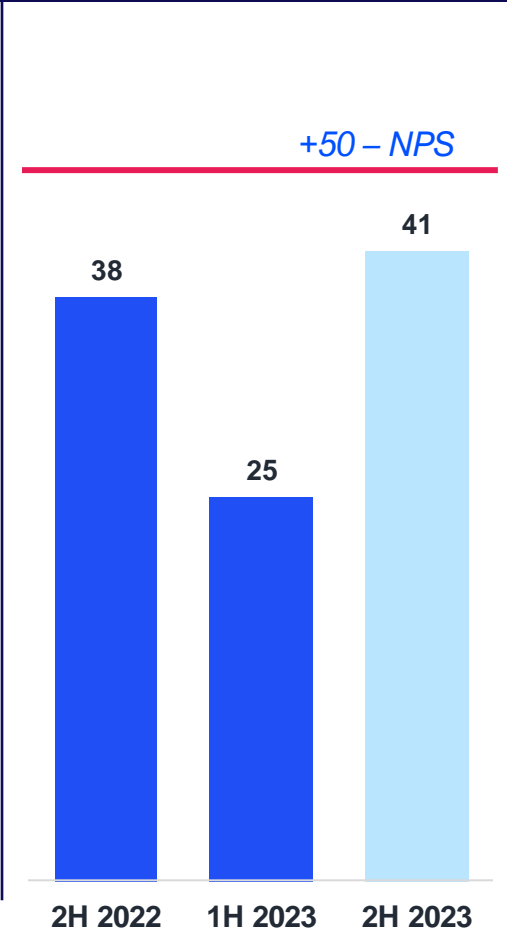
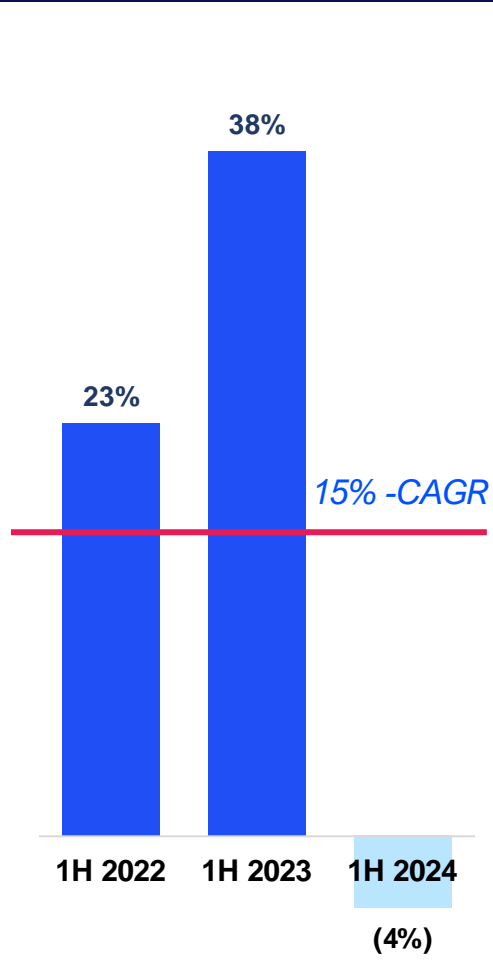
Robust Business Model Banking, Insure, Invest and Beyond

Trusted Brand

Sustainable Community Engagement

Measuring Our Progress Against 2026 Strategic Targets

2026 Target **14-16%** Revenue Growth CAGR **+50** NPS SCORE **41-43%** Cost-To-Income Ratio **<9%** NPL RATIO **23-25%** Return On Equity



Strategic Target



03. Anchoring Our Strategy

KES 498bn

BALANCE SHEET
GROWTH

June 2023: KES 384bn

▲ 30%

Dr. Joshua Oigara
Chief Executive,
Stanbic Bank Kenya &
South Sudan

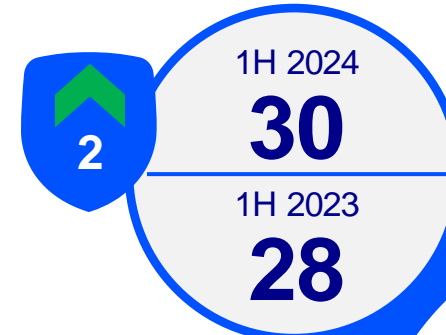


Customers / Distribution Channels

Customer Numbers



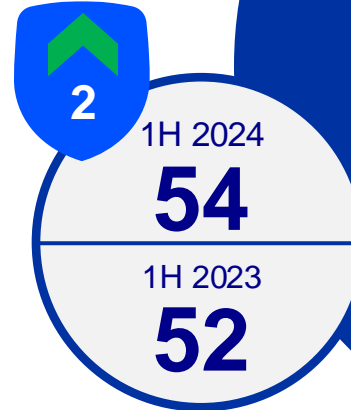
Branch Network



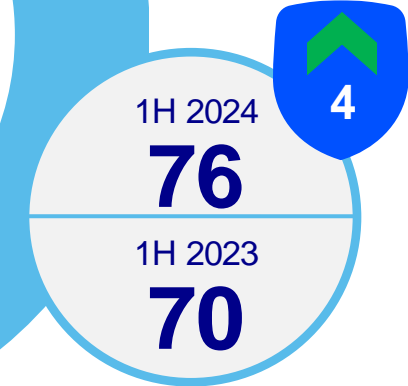
Self-Service Sites



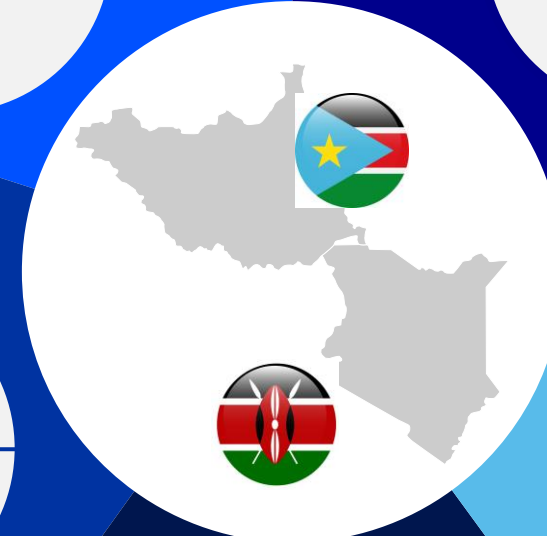
ATMs



Cash Deposit Machines



Active Agents





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OUR VISION

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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

Success measures



+



+



+



=



+





Anchoring our Strategy: Transforming Client Experience in 1H 2024

AGRICULTURAL SECTOR



Food Security/ Job Creation/ Empowerment

- **KES 7.1bn** loans approved
- **976k** Farmers supported
- **1688** new jobs created

D.A.D.A (WOMEN EMPOWERMENT)



Stronger Societies through women

- **KES 4.9bn** loans approved
- **10,306** new women banked
- **10,305** women trained

INDUSTRIAL SECTOR



Supporting Industrial growth and job creation

- **KES 4.3bn** loans deployed for a new cement factory

LOCAL ENTERPRISE SUPPORT



Social Economic Empowerment

- **KES 25.3bn** loans approved
- **2881** new SMEs onboarded
- **USD 253k** AGF funding

PROPERTY OWNERSHIP



Uplifting Livelihoods through property ownership

- **KES 4.41bn** loans approved
- **144** new homes owners
- **557** new cars financed

ENERGY SECTOR



Support oil importation

- **USD 170m** loans exposure

Total Loans Disbursed
KES 54.2Bn



EMPLOYEE ENGAGEMENT



Diversity & Inclusion

- Male : Female – 52%:48%
- Differently abled staff – 0.5%
- Youth employment (under 35 years) – 39%

OPERATIONAL EXCELLENCE



Mjeki

- Instant loans: **Kes 16bn**

Supply Chain Finance

- Instant loans: **Kes 2.44bn**

NEW SOLUTIONS/UPGRADES



Omni-channel

- Enhanced mobile App with additional features

MANAGING RISK



Macro-economic

- Elevated credit risk
- Political / economic climate
- Moody's rating downgrade



Empowering our people

- Training hours per employee – 52.7hrs, target 30hrs
- 41% of learning spent on future ready skills



eBB Working Capital

- Disbursement – Kes 533m

One Farm Pilot

- Registered Farmers – 250



Flexiprotect

- Digital Insurance self-service portal powered by Mobiflex



Technology and Cyber risk

- Enhanced mobile App with enhanced security features



Employee engagement

- Periodic staff 'Tubonge' sessions and Top Leaders summits



Chama App

- Group Acquisitions - **1067**
- New Users – **5849**
- Contributions – **KES 117m**



SBGS APP

- Revamped app to facilitate equities and fixed income trading



3rd Party risk management

- Enhanced risk assessment of key 3rd Parties

Anchoring our Strategy: Driving Sustainable Growth and Value

FINANCIAL INCLUSION



Catalytic Funding

- Launched Cohort V grant competition – **USD 900K**
- Partnership agreement with Bill and Melinda Gates Foundation

EDUCATION



School Feeding program

- School feeding program at Gatina Primary school – **74,380** meals served (**1,500** students)
- PalmHouse Foundation – **16** Scholarships

RENEWABLE ENERGY



EV & clean Energy Investments

- Electric forklifts worth **KES 215m**
- Solar energy financing – **KES 65m**

DIGITAL LITERACY



TVETs

- Digital skills trainings in TVETs – **10K** Beneficiaries
- Donated computers **52** computers
- Enhanced our futureidigital.org platform

FINANCIAL FITNESS



Financial Fitness Academy

- **4703** lives impacted
- **24** training sessions held
- **KES 177m** loans approved

SUSTAINABILITY MEASURES



Stanbic Bank indices

- **98%** (31k-kgs) of waste recycled year to date
- Male: Female senior leadership (KLC) – **50:50**
- Differently abled – **6** out of 1,177 staff (0.5%)





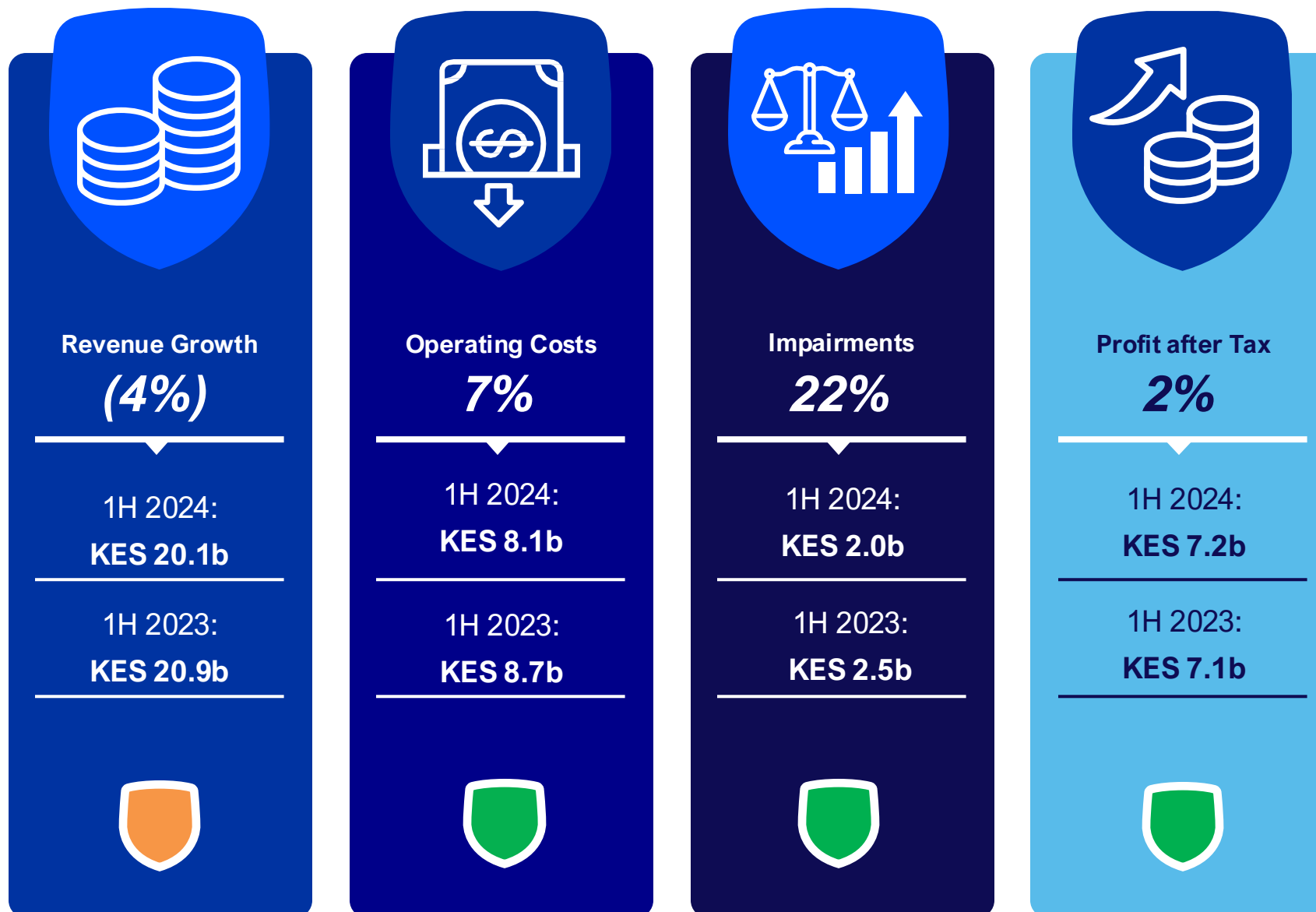
04. Delivering Sustainable Returns

KES 7.2bn PROFIT AFTER TAX

June 2023: KES 7.1bn ▲ 2%

Dennis Musau
Chief Financial and
Value Officer





Key Ratios	
Net Interest Margin	2023:2024 – 6.2% : 5.5%
Credit Loss Ratio	2023:2024 – 2.2% : 1.3%
Return on Equity	2023:2024 – 20.5% : 21.0%
Cost to Income Ratio	2023:2024 – 41.6% : 40.4%
Interim Dividends/Share	2023:2024 – 1.15 : 1.84

1H 2024 : Income Statement Summary



	Jun-24	Jun-23	% Change
	KES m	KES m	
Net interest income	12,553	12,051	4%
Non-interest revenue	7,558	8,899	(15%)
Total income	20,111	20,950	(4%)
Operating expenses	(8,126)	(8,718)	7%
Pre-provision profit	11,985	12,232	(2%)
Credit impairment charges	(1,956)	(2,497)	22%
Profit before tax	10,029	9,735	3%
Tax	(2,815)	(2,683)	(5%)
Profit after tax	7,214	7,051	2%

Key Highlights

The Group reported a profit after tax of KES 7.2b;

- Improvement in Net Interest Income on the back of growth in the average lending book and higher assets yield.
- Decline in Non-Interest Revenue mainly attributable to drop in trading revenue on account of narrowing margins and a one-off significant transaction in 2023.
- Drop in credit impairment charges is as a result of continuous customer engagements for resolution of key non-performing names and impact of Kenya Shilling appreciation.
- Costs contraction in the year on the back of significant investments booked to improve client experience in the prior year, once-off operational costs in the base and FX gains on KES appreciation.



Total Assets
30%

1H 2024:
KES 498b

1H 2023:
KES 384b



Customer Loans
(2%)

1H 2024:
KES 239b

1H 2023:
KES 244b



Customer Deposits
39%

1H 2024:
KES 360b

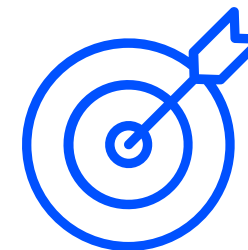
1H 2023:
KES 259b



Gross Non-Performing Loans
(2.5%)

1H 2024:
KES 24.3b

1H 2023:
KES 23.8b



Key Ratios

NPL Ratio

2023:2024 – 9.18% : 9.44%



Loan to Deposit Ratio

2023:2024 – 77% : 66%



Total Capital Ratio

2023:2024 – 17.4% : 16.4%



Liquidity Ratio

2023:2024 – 35.8% : 52.8%



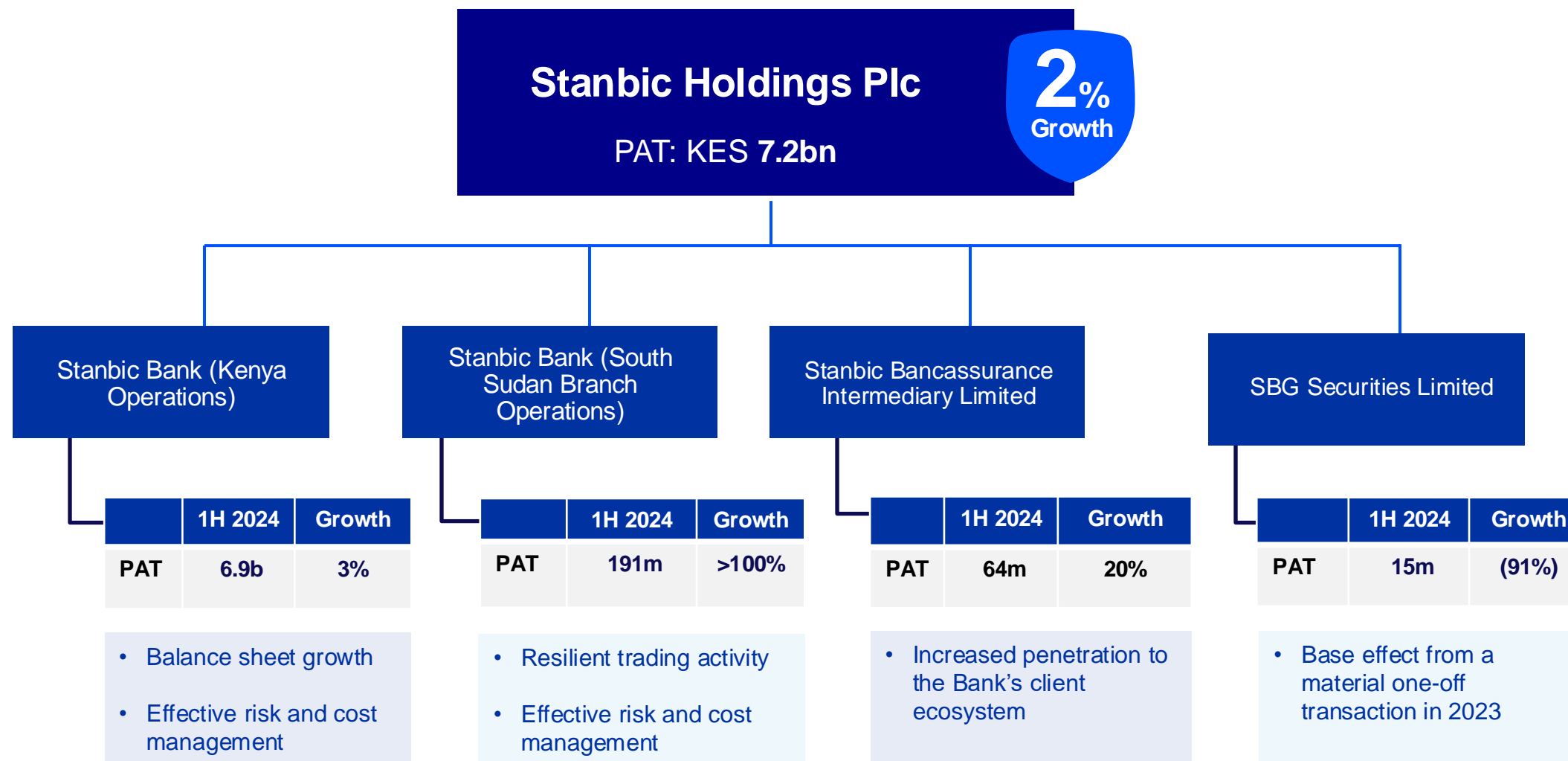
1H 2024 : Balance Sheet Summary



KES millions	1H 2024	1H 2023	Change %
Assets			
Financial investments	74,600	54,726	36%
Loans and advances to banks	122,557	37,353	>100%
Loans and advances to customers	238,844	244,034	(2%)
Other assets	61,930	48,167	29%
Total assets	497,930	384,280	30%
Liabilities			
Deposits from banks	27,918	26,821	4%
Deposits from customers	359,656	258,559	39%
Borrowings	10,481	12,335	(15%)
Other liabilities	30,515	22,614	35%
Total liabilities	428,570	320,329	34%
Equity			
Total equity	69,361	63,951	8%
Liabilities and equity	497,930	384,280	30%

Key Highlights

- Decline in loans and advances to customers mainly driven by appreciation of KES against the major currencies between March and June.
- Increase in balances due to banking institutions a result of placement of excess liquidity with Group entities
- Strong growth in customer deposits demonstrating customer trust in the Stanbic brand.
- Growth in inter-bank placements and financial investments as part of transitory liquidity management; awaiting client drawdowns.



• Amounts in Kes; growth -Year on Year





Q&A



THANK YOU

