STANBIC HOLDINGS PLC

1H 2024 INVESTOR PRESENTATION

8th August 2024

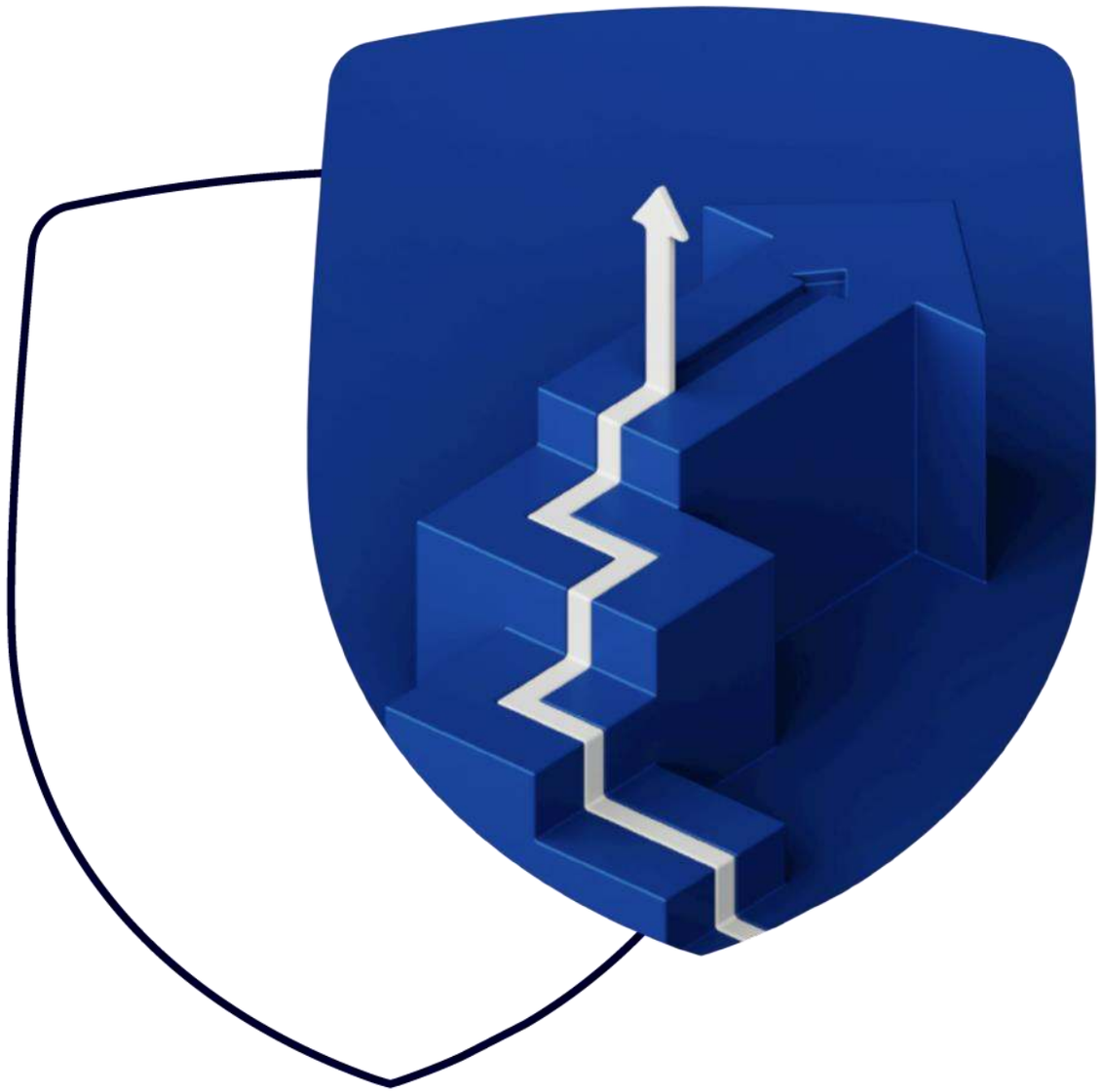
Contents

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

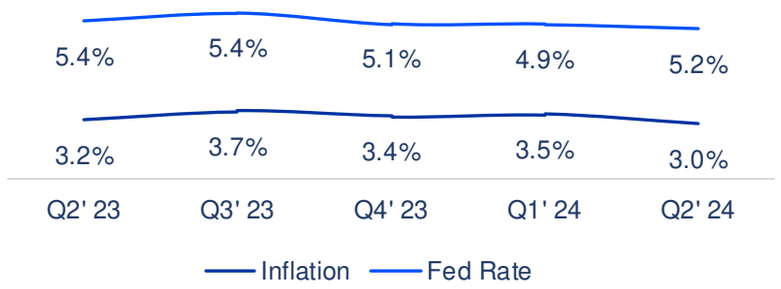
JUNE 2023: 20.5%

▲ *50bps*

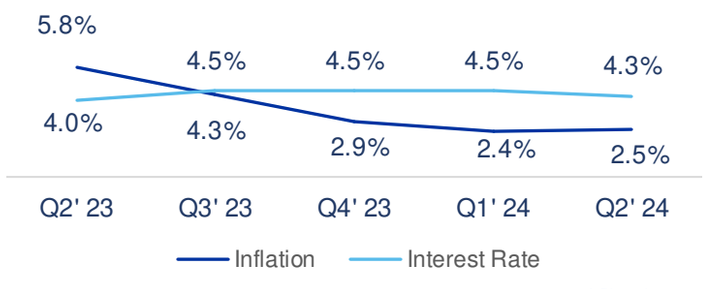
Patrick Mweheire
Group Chief Executive,
Stanbic Holdings Plc

Macro Economic Environment : Global & Regional Perspective

USA

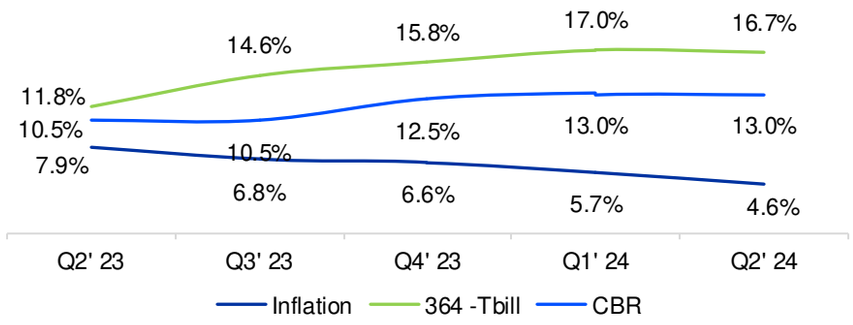


Eurozone

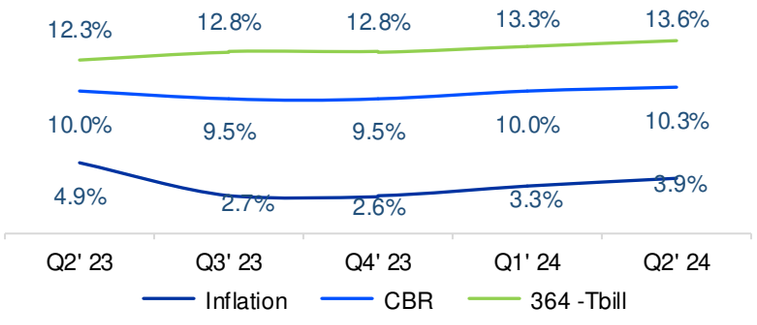


* Bloomberg.com

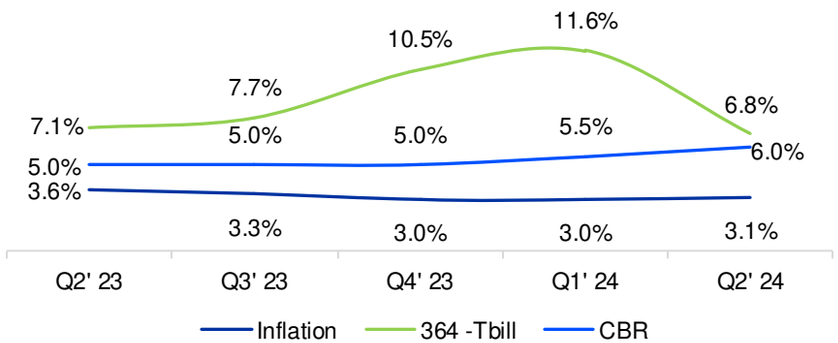
Kenya



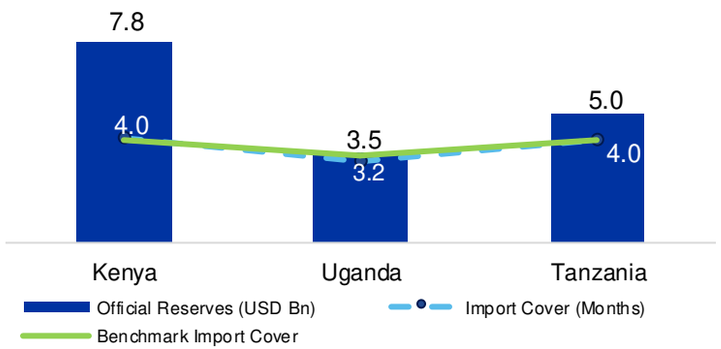
Uganda



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

Macro Economic Environment: Kenya

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.

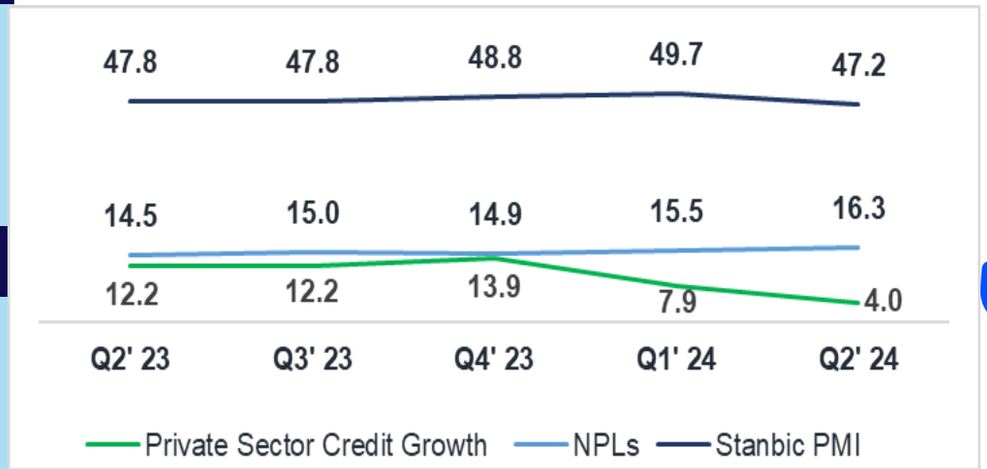
Softening Inflation

- 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.

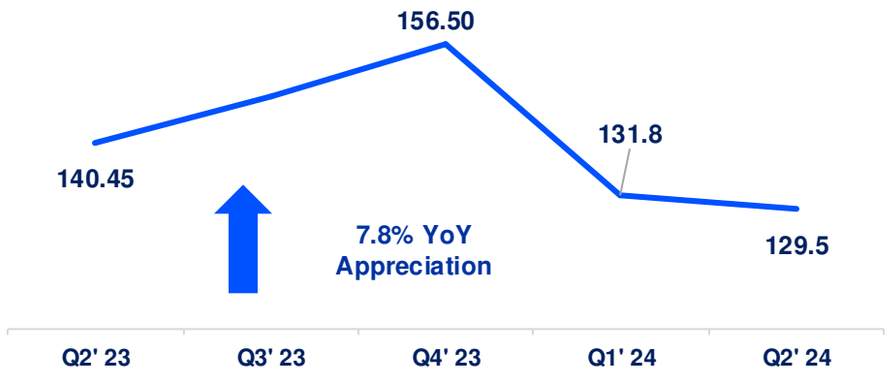
Currency & FX Reserves

- 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 2024 - 2026 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**

STRATEGIC PRIORITIES

1. **Transform Client Experience**
2. **Execute With Excellence**
3. **Drive Sustainable Growth And Value**

OUTCOMES

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

Well Positioned For The Future

Strong Growth Prospects

Healthy balance sheet

Skilled Workforce

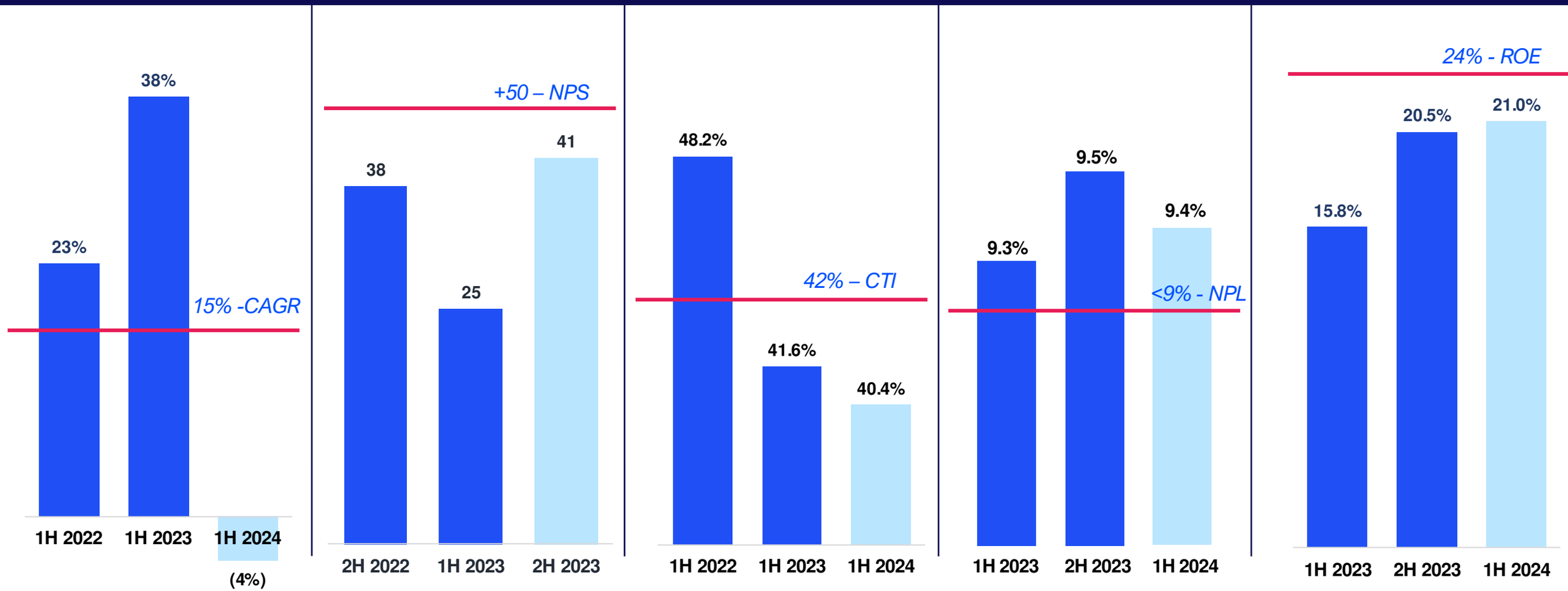
Robust Business Model Banking, Insure, Invest and Beyond

Trusted Brand

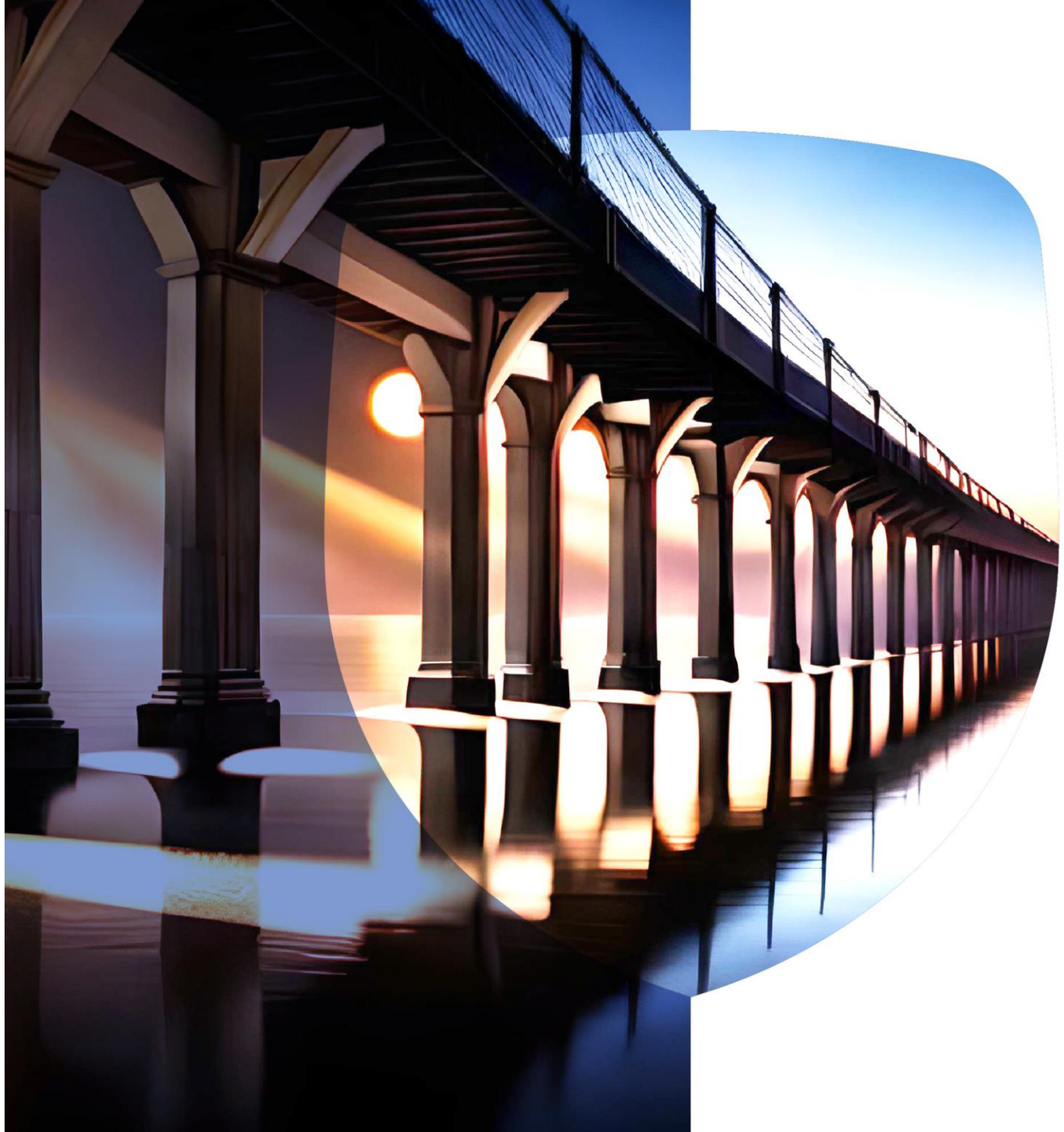
Sustainable Community Engagement

Measuring Our Progress Against 2026 Strategic Targets

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



Strategic Target



03. Anchoring Our Strategy

BALANCE SHEET GROWTH

KES 498bn

June 2023: KES 384bn ▲ *30%*

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

Customers / Distribution Channels

Customer Numbers

18%

1H 2024
284,555

1H 2023
241,521

Branch Network

2

1H 2024
30

1H 2023
28

Self-Service Sites

3

1H 2024
10

1H 2023
7

ATMs

2

1H 2024
54

1H 2023
52

Cash Deposit Machines

4

1H 2024
76

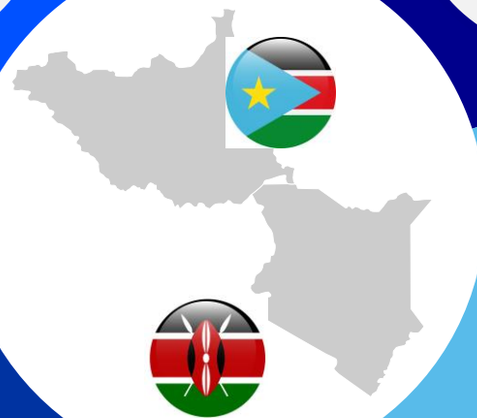
1H 2023
70

Active Agents

10

1H 2024
231

1H 2023
221



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**

Strategic Priorities

1. **Transform Client Experience**
2. **Execute With Excellence**
3. **Drive Sustainable Growth And Value**

Outcomes

14 - 16%	+50	41 - 43%	<9%	23 - 25%
Revenue Growth CAGR	NPS SCORE	Cost-To-Income Ratio	NPL RATIO	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

CLIENT FOCUS

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

Anchoring our Strategy: Executing with Excellence in 1H 2024

EMPLOYEE ENGAGEMENT

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

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

Employee engagement
- Periodic staff 'Tubonge' sessions and Top Leaders summits

OPERATIONAL EXCELLENCE

Mjeki
- Instant loans: **Kes 16bn**

Supply Chain Finance
- Instant loans: **Kes 2.44bn**

eBB Working Capital
- Disbursement – Kes 533m

One Farm Pilot
- Registered Farmers – 250

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

NEW SOLUTIONS/UPGRADES

Omni-channel
- Enhanced mobile App with additional features

Flexiprotect
- Digital Insurance self-service portal powered by Mobiflex

SBGS APP
- Revamped app to facilitate equities and fixed income trading

MANAGING RISK

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

Technology and Cyber risk
- Enhanced mobile App with enhanced security features

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 futurenidigital.org platform

FINANCIAL FITNESS

Financial Fitness Academy

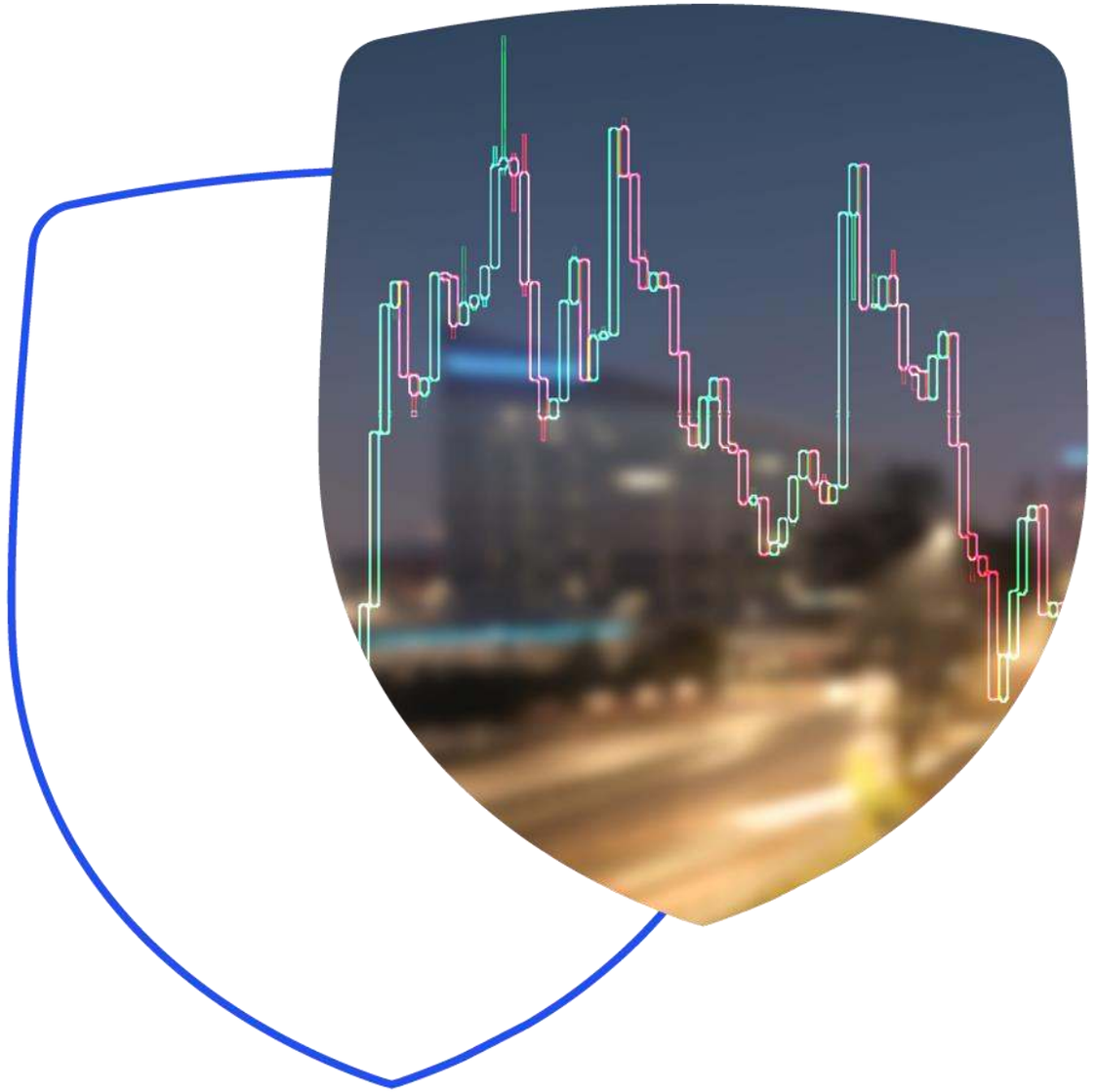
- **4703** lives impacted
- **24** training sessions held
- **KES 177m** loans approved

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%)

Brand Recognition – Trusted Financial Partner in 1H 2024



04. Delivering Sustainable Returns

PROFIT AFTER TAX

KES 7.2bn

June 2023: KES 7.1bn ▲2%

Dennis Musau
Chief Financial and Value Officer

1H 2024 : Income Statement Highlights

Revenue Growth

(4%)

1H 2024:
KES 20.1b

1H 2023:
KES 20.9b

Operating Costs

7%

1H 2024:
KES 8.1b

1H 2023:
KES 8.7b

Impairments

22%

1H 2024:
KES 2.0b

1H 2023:
KES 2.5b

Profit after Tax

2%

1H 2024:
KES 7.2b

1H 2023:
KES 7.1b

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 KES m	Jun-23 KES m	% Change
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.

1H 2024 : Balance Sheet Highlights

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.

Subsidiaries and Branch Performance

Stanbic Holdings Plc

PAT: KES **7.2bn**

2% Growth

Stanbic Bank (Kenya Operations)

	1H 2024	Growth
PAT	6.9b	3%

- Balance sheet growth
- Effective risk and cost management

Stanbic Bank (South Sudan Branch Operations)

	1H 2024	Growth
PAT	191m	>100%

- Resilient trading activity
- Effective risk and cost management

Stanbic Bancassurance Intermediary Limited

	1H 2024	Growth
PAT	64m	20%

- Increased penetration to the Bank's client ecosystem

SBG Securities Limited

	1H 2024	Growth
PAT	15m	(91%)

- Base effect from a material one-off transaction in 2023

- *Amounts in Kes; growth -Year on Year*

Key Takeaways

- Strong performance across revenue lines
- Navigated market challenges to deliver strong balance sheet growth

- Operational efficiencies from digital transformation
- Focused risk management amidst challenging economic environment

- Increased shareholder return
- Sustainable community engagement

Q&A

THANK YOU