

Stanbic Holdings – Earnings Update – Q1-2023

Stanbic Bank recorded an 87.8% jump on its profits before tax (PBT) to KES 5.49Bn in Q1-2023 supported by spikes on its interest and non-funded incomes compared to a PBT of KES 2.93Bn in Q1-2022. Profits after tax (PAT) expanded 84.3% from KES 2.93Bn to KES 3.89Bn in Q1-2023. Non-funded contribution to total income overtook net interest income at 51.4%.

The Earnings per shares (EPS) nearly doubled from 12.37 Q1-2022 to 22.81 by closure of Q1-2023. The lender's board did not recommend an interim dividend for the period.

Income Statement

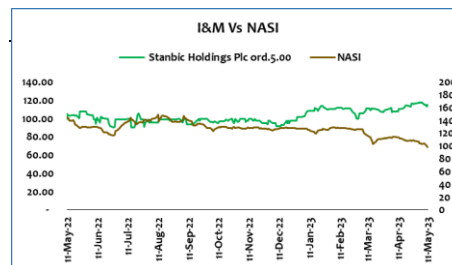
- The lender's net interest income was 44.7% up year-on-year from KES 3.74Bn to KES 5.42Bn riding on a 49.1% increase in total interest income from KES 5.27Bn to KES 7.86Bn. Net interest income contribution to total income dropped from 53.8% in Q1-2022 to 48.6% in Q1-2023.
- Interest from loans and advances went 46.6% up from KES 4.12Bn to KES 6.04Bn benefitting from the bank's expanding loan book that enlarged by 11.5% to KES 230.27Bn signaling of a better penetration of its retail market campaign strategy.
- Interest from government securities was up 28.1% y-y from KES 1.05Bn to KES 1.34Bn on a 9.6% rise on the bank's government securities book from KES 45.94Bn to KES 40.33Bn. This was even as the bank remained skeptical on government securities when compared quarter-on-quarter.
- Return on investment in loans and advances improved 280bps y-y from 7.6% to 10.4% on what we perceive to be the effect of the lifted interest rate cap. Yield on government securities moved from 9.6% in Q1-2022 to 9.8% in Q1-2023 benefitting from the general rise in yields in the market.
- Non-funded income nearly doubled at 89.3% from KES 3.03Bn to KES 5.74Bn heavily benefitting from the forex income which shoot up 147.7% from KES 1.72Bn to KES 4.26Bn. The surge in forex income is attributed to the weakening shilling which shed 10.2% in the quarter and 18.3% y-y. This saw NFI contribution to total income surpass the 50% mark to 51.4% signaling of a market risk on the listed company.
- Total operating expenses escalated 47.0% from KES 3.85Bn in Q1-2022 to KES 5.66Bn eroded by loan loss provisions and other operating expenses. Loan loss provisions went up 132.9% from KES 0.49Bn to KES 1.14Bn on effect of the growing loan book. Staff costs was up 10.5% on the normal annual salary increment.

Balance Sheet

- The overall balance sheet enlarged by 18.3% from KES 331.02Bn to KES 391.60Bn largely on the growing loan and government securities books. The loans and advances book went up by KES 29.56Bn from KES 206.50Bn to KES 230.37Bn as the Government securities book increased by 12.48Bn to KES 50.33Bn.
- Shareholders' funds soared 15.5% from KES 48.55Bn to KES 56.08Bn gaining from a 15.0% rise in retained earnings from KES 40.25Bn in Q1-2022 to KES 46.28Bn.
- Borrowed funds climbed 21.1% from KES 12.20Bn to KES 14.78Bn to support the growing loan book.

Stanbic plc	
Share Statistics	
Current Price (KES)	113.25
52-Week Average	102.53
52 Week High - Low	117.75 - 90.00
3 Months Avr	110.61
6 Months Avr	106.18
12 Months Avr	102.53
Issued shares (Mn)	395.32
Market Cap (KES Mn)	44,770.18
Market Cap (USD Mn)	326.79
EPS	22.81
PE	5.0
Bvps	141.9
PB	0.8

Stanbic Vs Nasi Price movement		
Period	Stanbic	NASI
M-M	-1.1%	-13.9%
3-Months	2.9%	-23.3%
6-Months	25.0%	-23.1%
YTD	12.7%	-22.8%



NNI + 44.7% Y/Y

Provisions 132.9% Y/Y

Opex. 47.0% Y/Y

PBT 87.8% Y/Y

PAT 84.3% Y/Y

Govt. Securities 9.6% Y/Y

Loans 11.5% Y/Y

Deposits 23.8% Y/Y

Shareholder's Funds 15.5% Y/Y

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Key Ratios

- Return on average assets (ROaA) improved Y/Y from 2.4% to 4.02% on a general spike in net income which also pushed return on average equity (ROaE) to 28.7% in Q2-2023. from 17.8% in Q1-2022 and 17.7% in 2021.
- Cost of funds moved from 2.4% to 3.2% on the above rise in borrowed funds.
- Cost to income ration remained on a down-trend moving from KES 56.8% in Q1-2022 to close Q1-2023 at 50.7%.

P&L (KES Mn)	Q1-2021	Q1-22	Q1-23	%Δ Y-Y
Interest Income	4,812	5,270	7,856	49.1%
Interest Expense	1,610	1,527	2,438	59.7%
NII	3,202	3,744	5,418	44.7%
NFI	2,764	3,030	5,736	89.3%
Total Income	5,967	6,774	11,154	64.7%
Loan Loss Provisions	609	491	1,144	132.9%
Operating Expense	3,393	3,849	5,659	47.0%
Opex Excl Provisions	-2,783	-3,358	-4,515	34.5%
PBT	2,574	2,925	5,495	87.8%
PAT	1,883	2,110	3,890	84.3%
EPS	11.04	12.37	22.81	84.4%

Balance Sheet (KES Mn)	Q1-2021	Q1-22	Q1-23	%Δ Y-Y
Investments	53,805	45,937	50,328	9.6%
Loans and Advances	157,948	206,460	236,015	14.3%
Total Asset	316,966	331,021	391,600	18.3%
Customer Deposit	226,640	235,114	291,005	23.8%
Shareholders' Fund	43,470	48,552	56,082	15.5%

Ratios	Q1-2021	Q1-22	Q1-23
NII % of Total Income	53.7%	55.3%	48.6%
NFI % of Total Income	46.3%	44.7%	51.4%
CTI	56.9%	56.8%	50.7%
CTI exc Provision	-46.7%	-49.6%	-40.5%
Yield on Advances	9.0%	7.6%	10.4%
Yield on Government Securities	9.2%	9.6%	9.9%
Cost of Funds	2.7%	2.4%	3.2%
Net Interest Margins	6.2%	5.2%	7.0%
ROaA	2.4%	2.4%	4.0%
ROaE	17.7%	17.8%	28.7%
Gross NPL to Net Loans	14.0%	10.4%	11.1%
AD Ratio	69.7%	87.8%	81.1%
Investments Securities to Assets	17.0%	13.9%	12.9%
Advances to Assets	49.8%	62.4%	60.3%

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