

STANDARD CHARTERED BANK KENYA HY25 EARNINGS UPDATE

Standard Chartered bank Kenya released HY25 results posting a **21%** decrease in PAT to KES 8Bn partly attributable to a 7% and 29% dip in net interest income and non-interest income, respectively.

Earnings Per Share dipped to **KES 21.18** from KES 26.99 in the previous financial year.

The bank reported lower earnings for the half-year 2025, citing a “challenging operating environment,” Despite the decline, the Board declared an interim dividend of **KES 8.00 per share**, underscoring management's commitment to sustaining shareholder returns.

Standard Chartered posted weaker half-year earnings as lower interest and non-interest income weighed on performance despite stable asset quality and deposit growth.

Looking ahead, growth is expected to be driven by digital transformation and an expanding distribution network.

At the current market price of KES 312, the stock is trading slightly above its fair value range, with a target price of KES 310.04 Given the lender's continued dividend payments, Standard Chartered represents a suitable long-term investment opportunity. We recommend a **NEUTRAL** on the stock, with a downside potential of (0.7%).

PERFORMANCE HIGHLIGHTS

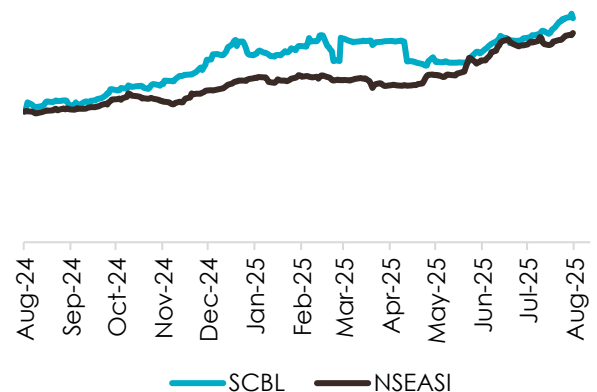
➤ **Earnings:** The bank's operating income decreased by 15% to KES 22Bn from KES 26Bn, reflecting a 29% fall in non-interest income and 7% dip in interest income attributable to subdued trading income and margin compression. Non-interest income decreased due to a decline in transactional volumes and margins in transaction services, markets and wealth solutions.

➤ **Loan Book:** The bank's loans and advances grew by **2% y/y** to KES 152Bn. Impairment losses on loans and advances reduced 25% from recoveries, prudent oversight of the loan book and a continued focus on asset quality.

Share Data	Standard Chartered
Ticker	SCBK KN
Recommendation	Neutral
Current Price (KES)	312.00
Target Price (KES)	310.04
Upside (Inc. Div. Yield)	(0.7%)
52WK High (KES)	347.50
52WK Low (KES)	134.00
Market Cap (KES Bn)	117.98
P/E (An)	7.91x
P/B	1.93x
Dividend (HY)	KES 8.00
Current Price = VWAP as at 21 st August 2025	

Source: Bloomberg, NSE, NCBA IB Research

Standard Chartered Share Price



Source: NSE, NCBA IB Research

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- **Customer deposits:** Deposits from customers increased by 5% to KES 291Bn. Funding quality remains high with CASA accounts making up to 97% of total customer deposits.
- **Efficiency:** Expenses were up 3% y/y to KES 11.2Bn to fund business growth and continued investments in digital capabilities. This underscores the bank's strategic shift toward **digital transformation** and **automation**, which has not only driven business expansion but also optimized cost structures.
- **Asset Quality:** Non-performing loans reduced by **1.8%** to **KES23Bn** primarily driven by recoveries and robust management of the loan book. The NPL ratio improved to **5.93%** lower than the industry average of 17%, indicative of prudent oversight of the loan book.
- **Stable Balance Sheet:** Despite a 1.4% decline in total assets to KES 372Bn, the balance sheet remains strong, highly liquid and well capitalized. The bank also maintained a strong capital position, with a total capital ratio of 18.87% and a robust liquidity ratio of 63.15%, ensuring financial resilience.

Financial Highlights.

HY 25 Standard Chartered Kenya PLC	Key Metrics Y/Y
Loans and Advances	Up 2% to KES 152Bn
Customer Deposits	Up 5% to 291Bn
Government Securities	Up 44% to KES 103Bn
Net Interest Income	Down 7% to KES 15Bn
Non-Funded Income	Down to 29% to 7Bn
Forex trading income	Down 60% to KES 2Bn
Loan Loss Provisions	Down 25% to KES 2Bn
PBT	Down 25% to KES 11Bn
PAT	Down 21% to KES 8Bn
EPS	Down to KES 21.18

Standard Chartered Kenya	Key Ratios Y/Y
Loan Deposit ratio	Down to 52% from 54%
Net Interest Margin	Down to 4.1% from 4.4%
Cost to Income	Up to 45% from 39%
NPL Ratio	Down to 5.93% from 8.34%
ROE	Down to 12% from 16%
ROA	Down 2% from 3%
Current Market Price	KES 335
P/E(Annualized)	7.91x
P/B	1.93x
Interim Dividend (H1)	KES 8.00

Source: Company financials, NCBA IB Research

Outlook

We expect Standard Chartered to record steady growth boosted by:

1. **Revenue Diversification:** The bank is optimizing on its digital capabilities such as mobile platforms, SC Shilingi – an end-to-end digital money market fund among other digital strides will allow the bank to diversify its revenue streams. The bank has made cumulative investments of KES 14.1Bn in digital capability in the last five years as it continues delivery of best-in-class digital proposition with end-to-end self-serve capabilities.
2. **Improved asset quality:** The NPL ratio of 5.93% lower than the industry average of 17%. This reflects stronger credit management and a healthier loan book, positioning the bank for sustained profitability.

3. **Digitization:** The bank is well-positioned for medium-term growth, anchored on investments in digital, corporate, and wealth management businesses. The rollout of SC Juza in 2024 is expected to broaden financial inclusion and deepen client engagement through flexible short-term lending solutions. Operationally, the bank has reached a **97% digitization rate in retail transactions**, reflecting efficiency improvements and enhanced customer experience.
4. **Subsidiaries:** Growth prospects in Corporate and Investment Banking remain solid, with the recent appointment of CEO Kariuki Ngari as Regional Head for Kenya and Africa expected to enhance regional strategy execution and focus on high-value markets. Meanwhile, the Wealth Management franchise continues to benefit from product innovation and collaborative partnerships, enabling wider client coverage and portfolio diversification.
5. **Strategic Partnerships:** The partnership with **British International Investment (BII)** is enhancing trade finance flows in Kenya and Tanzania by providing additional funding capacity and risk-sharing mechanisms, with a particular emphasis on empowering women-led enterprises.

Standard Chartered aims to strengthen its cross-border capabilities and personalized wealth solutions with a continued focus on sustainability. The bank is committed to enhancing its digital proposition through end-to-end self-serve capabilities while investing in the upskills of its workforce. Additionally, it seeks to capitalize on growing interest from the Middle East, leveraging its strong network presence to drive expansion.

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