

### Stan-Chart Dividends Hit KES 45.00 Per Share on Better Profits

Standard Chartered Bank Kenya Posted KES 28.21Bn in profits before tax (PBT) for full year 2024 (FY2024) financials, representing a 43.4% jump from a PBT of KES 19.67Bn for 2023. The stellar performance was rallied by both the bank's core lending business, non-funded income and prudent cost management. Overall revenues expanded 21.4% year on year (y-y) to KES 50.68Bn, while its expenses rose marginally at 1.9% to KES 22.47Bn. This saw the Bank's net profits up 45.0% from KES 13.86Bn to KES 20.06Bn, supported by a lower effective tax rate of 28.9% in 2024 in relation to an effective tax rate of 29.7% in FY2024.

The Bank's earnings per share (EPS) climbed 55.2% y-y up from 36.17 in FY2023 to 52.65 in FY2024 strongly supported by the rise in overall profits. Its price to book value stands at 1.28x while its rising shareholder value pushed its book value per share (BVPS) up 16.6% to 189.95.

We issue a BUY recommendation on the Counter's share price with a revised implied fair value of KES 328.36 per share, a 7.5% upside from the current price of KES 305.50 per share as of 19<sup>th</sup> March 2025. Our recommendation encompasses the Bank's high dividend yield of 14.7%, giving a total return of 22.2%.

### Income Statement

Stan-Chart's net interest income (NII) went up 13.4% from KES 29.33Bn to KES 33.26Bn in 2024 driven by growths on interest income which outweighed the faster growth in the interest expense. NII contribution to total operating income however shrunk from 70.3% in FY2023 to 65.6% in FY2024 on impacts from a faster rise in the cost of financing its interest earning assets.

Total interest earned expanded 20.0% y-y to from KES 32.35Bn to KES 38.82Bn mainly emanating from the sky-rocketed lending rates occasioned in the period.

Interest income from loans and advances shoot up 25.9% y-y from KES 18.13Bn in 2023 to KES 22.83Bn in 2024 on from the interest rate hikes which saw the Central Bank base rate touched over a decade high of 13.0%. This was as the risk-based loan pricing model saw the Bank's riskiest clientele rate hit 19.0% in the year. Consequently, the yield on loans and advances advanced up from 12.0% to 14.5%.

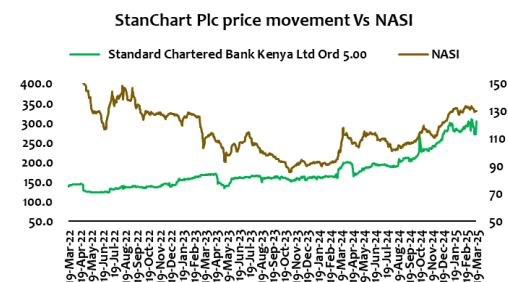
Higher lending rates however, negatively impacted the bank's loan bond to decline 7.1% y-y from KES 163.16Bn to KES 151.65Bn.

Interest from government securities escalated 18.0% y- from KES 8.27Bn to KES 9.76Bn despite the supporting securities book expanding by over half, at 53.5% to KES 98.00Bn, of which KES 30.13Bn was invested in Q4-2024. Elevated returns in the sector also saw the yield on government securities move up from 9.8% to 12.1% on impact from the interest rate hikes above.

Interest expense nearly doubled at 83.4% y-y from KES 3.03Bn in FY2023 to KES 5.55Bn in FY2024 as the bank moved to protect deposits, albeit expensive. This was mainly informed by competition of higher returns from government deposits

Recommendation:	BUY
Bloomberg Ticker:	SCBL KN
Share Statistics	
Implied Value	328.36
Current Price	305.50
Upside/Downside	7.5%
3-Month Av	287.20
6 Month Av	259.24
52 Week Av	225.05
52 Week High - Low	309.50 - 164.75
Issued shares Mn	377.86
Market Cap (KES Mn)	102,211.57
Market Cap (USD Mn)	771.92
P/E	1.28
BVPS	189.95
PB	1.42
EPS	52.65
DPS	45.00
Dividend Payout	85.5%
Dividend Yield	16.6%

Return Performance		
Periods	Stan Chart	NASI
M-M %Δ	-7.8%	-2.8%
3-Months %Δ	1.9%	6.7%
6-Months %Δ	30.7%	21.3%
Y-T-D %Δ	-5.2%	2.8%
Y-Y %Δ	45.8%	28.5%



- NII + 13.4% y-y
- Provisions – 29.6% y-y
- Opex. + 1.9% y-y
- PBT + 43.4% y-y
- PAT + 45.0% y-y
- Loan Book - % y-y
- Govt. Securities + 53.5% y-y
- Deposits – 13.8% y-y
- Shareholder's Funds + 16.6% y-y

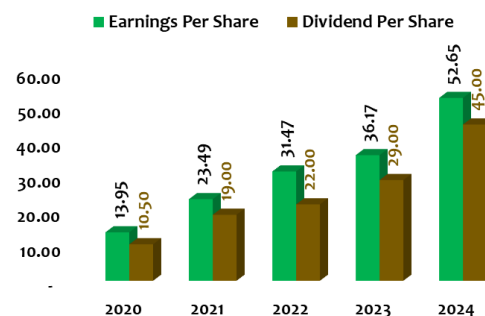
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which attracted most investors. Cost of customer deposits contributed the most with a 73.4% to KES 4.53Bn.

Operating expenses, however, was contained at a 1.9% y-y rise from KES 22.06Bn to KES 22.47Bn largely on muted loan loss provisions. The provisions thinned 29.6% from KES 3.38Bn to KES 2.38Bn as the loan book edged down.

Staff costs ballooned 14.9% y-y from KES 7.88Bn to KES 9.05Bn mainly on normal wage increment. We also view this to have been impacted by setbacks from the ongoing employees' pensions court case.

Excluding loan loss provisions, the operating expenses were contained at 7.5% y-y rise to KES 20.09Bn.



### Balance Sheet

Standard Chartered Bank's total assets declined 10.3% from KES 428.96Bn to KES 384.58Bn largely affected by a 7.1% decline in loan book.

Government securities book rose by over half from KES 63.83Bn in FY2023 to KES 98.00Bn with much of the increase coming in the last quarter of the year. In Q42024, the Bank grew its government securities book by 44.4% from KES 67.88Bn to KES 98.00Bn to support the annual growth.

Shareholders' funds enlarged by 16.6% from KES 66.53Bn FY2023 to KES 71.78Bn to benefit from the rising profits which saw the retained earnings grow 7.0% from KES 40.82Bn to KES 43.69Bn.

### Key Ratios

The Bank maintained its cost of funds low, albeit with a rise from 1.0% in FY2023 to 1.7% in FY2024 to support and maintain good net interest margins (NIMS) which moved up from 12.6% in 2023 to 14.4% in 2024. This was as the overall asset yield benefited from the higher interest rates to grow from 13.6% to 16.1% in the period.

The cost of risk dropped from 2.2% in 2023 to 1.5% in 2024, partly impacted by a reduced loan book and what we view as rise in loan repayments. Overall gross non-performing loans fell from KES 17.22Bn in 2023 to KES 12.02Bn in 2024.

Return on average equity (ROaE) grew faster from 23.5% in FY2023 to 30.1% on a faster rise in overall net profits in, comparison to the return on average assets (EOaA) which moved up from 3.4% in 2023 to 4.9% in 2024.

Profit & Loss (KES Mn)	FY2022	FY2023	FY2024	Y-Y %Δ
Interest Income	25,473	32,352	38,816	20.0%
Interest Expense	3,250	3,027	5,550	83.4%
<b>NII</b>	<b>22,223</b>	<b>29,325</b>	<b>33,265</b>	<b>13.4%</b>
NFI	11,754	12,403	17,412	40.4%
<b>Total Income</b>	<b>33,977</b>	<b>41,729</b>	<b>50,677</b>	<b>21.4%</b>
Loan Loss Provisions	1,328	3,380	2,381	-29.6%
Operating Expense	16,874	22,060	22,469	1.9%
Opex excl Provision	15,545	18,680	20,088	7.5%
PBT	17,103	19,668	28,208	43.4%
PAT	12,058	13,835	20,061	45.0%
Earnings Per Share	31.47	36.17	52.65	45.6%
Dividend Per Share	22.00	29.00	45.00	55.2%

Balance Sheet (KES Mn)	FY2022	FY2023	FY2024	Y-Y %Δ
Investments	104,731	63,834	98,003	-6.4%
Loans and Advances	139,413	163,162	151,647	8.8%
Total Asset	381,260	428,962	384,574	0.9%
Customer Deposit	278,879	342,853	295,690	6.0%
Shareholders' Fund	56,137	61,532	71,776	27.9%

Key Ratios	FY2022	FY2023	FY2024
NII % of Total Income	65.4%	70.3%	65.6%
NFI % of Total Income	34.6%	29.7%	34.4%
CTI	49.7%	52.9%	44.3%
CTI exc Provision	45.8%	44.8%	39.6%
AD Ratio	50.0%	47.6%	51.3%
Investment Securiteis to Assets	27.5%	14.9%	25.5%
Advances to Assets	36.6%	38.0%	39.4%
Asset Yield	11.0%	13.6%	16.1%
Cost of Funds	1.2%	1.0%	1.7%
Net Interest Margins	9.8%	12.6%	14.4%
Yield on Advances	9.6%	12.0%	14.5%
Yield on Govt Securities	10.5%	9.8%	12.1%
ROaA	3.4%	3.4%	4.9%
ROaE	22.1%	23.5%	30.1%
Cost of Risk	1.0%	2.2%	1.5%

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Analysts' stock ratings are defined as follows:

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- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
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- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

\*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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