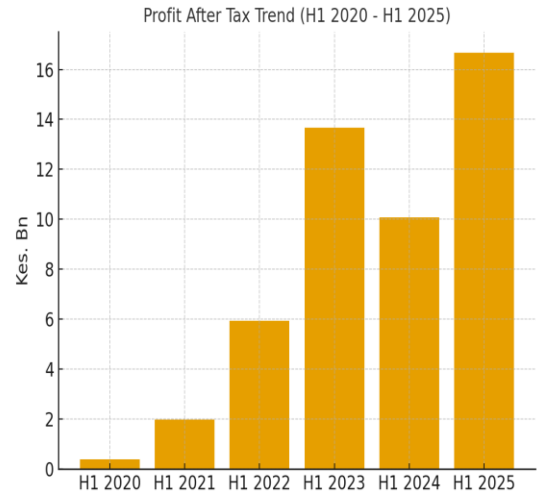
KINGDOM SECURITIES

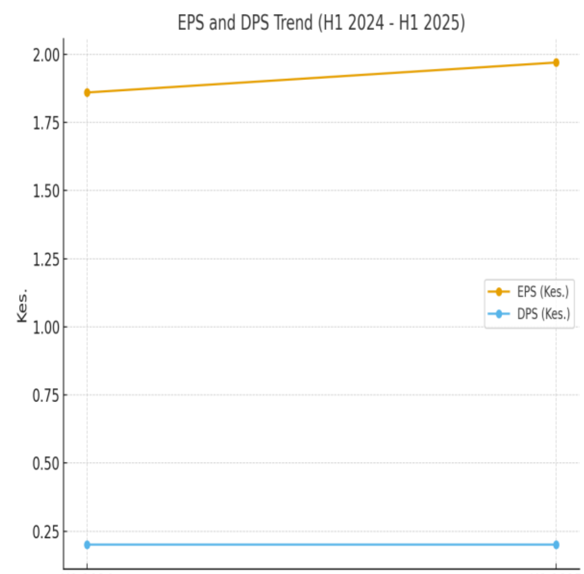
Standard Chartered Group -Plc

Earning Update- H1 2025

Standard Chartered Bank Kenya delivered a mixed performance in H1 2025, with profitability coming under pressure. Profit after tax fell by 21.4% to Kes. 8.1Bn from Kes. 10.3Bn in H1 2024, driven by a 15.3% decline in total operating income to Kes. 22.1Bn, largely weighed down by a 29.1% contraction in non-funded income due to reduced foreign exchange trading and fee-based income. Net interest income also declined by 7.4% to Kes. 15.3Bn as reduced lending volumes and lower income from placements offset gains from higher holdings in government securities. Consequently, earnings per share dropped to Kes. 21.4 from Kes. 27.2 in H1 2024, reflecting weaker bottom-line growth.



Despite softer income performance, the bank maintained strong cost discipline, with operating expenses easing 3.4% to Kes. 11.2Bn, supported by lower staff costs and a 24.6% decline in loan loss provisions. Asset quality improved significantly as gross non-performing loans dropped by 29.4% to Kes. 9.6Bn, reducing the NPL ratio to 6.0% from 8.4% in H1 2024. The balance sheet remained resilient, with customer deposits growing 5.1% to Kes. 290.6Bn and net loans inching up 1.9% to Kes. 152.2Bn, helping sustain liquidity at 64.5%, well above statutory requirements. The bank declared an interim dividend of Kes. 8.0 per share, maintaining the payout level seen in H1 2024.



Over a three-year horizon, Standard Chartered's performance highlights both resilience and emerging challenges. In H1 2023, the bank reported strong earnings growth with PAT at Kes. 6.9Bn, supported by a 34% increase in operating income amid robust interest and non-interest revenues. This momentum carried into H1 2024, where PAT rose to Kes. 10.3Bn, EPS to Kes. 27.2, and returns on equity stood at an impressive 28.4%. However, H1 2025 marked a reversal, with PAT easing to Kes. 8.1Bn, EPS sliding 21.4%, and ROE softening to 27.5%. While asset quality and capital buffers remain strong, income pressure, especially on non-funded sources, underscores the need for diversification and digital-led growth to sustain long-term performance.

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Income Statement Summary

Year	Total Operating Income	Net Interest Income	Non-Funded Income	Operating Expenses	PBT	PAT	EPS	Interim DPS
H1 2023	19.1	13.0	6.1	10.5	9.3	6.9	18.1	6.0
H1 2024	26.1	16.5	9.6	11.6	13.7	10.3	27.2	8.0
H1 2025	22.1	15.3	6.8	11.2	10.6	8.1	21.4	8.0

Balance Sheet Summary

Year	Total Assets	Net Loans & Advances	Customer Deposits	Shareholders' Equity
H1 2023	365.4	144.3	276.5	64.2
H1 2024	391.2	149.4	276.5	72.8
H1 2025	402.5	152.2	290.6	76.0

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Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **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%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **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 of both capital appreciation and the dividend yield

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