



Standard Chartered Bank Kenya FY 2025 Earnings Note

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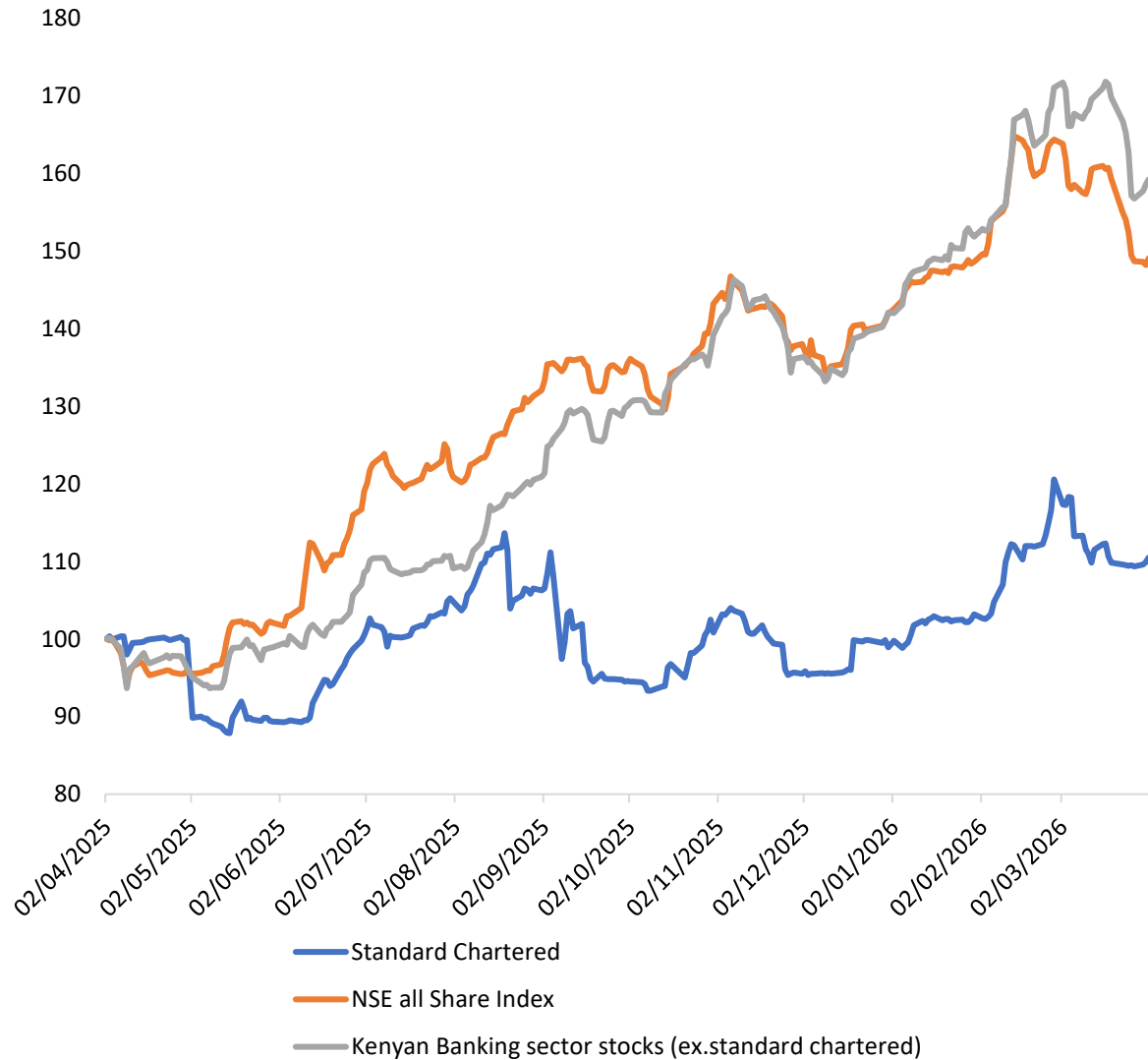
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Summary

Normalized share price movement of Standard Chartered vs the market and other banking peers



Source: Bloomberg

Last Price – 1 st April 2026 in KES	332.0
Valuation Estimate in KES :	353.0
Upside	6.33%
Recommendation	HOLD
52-Week High	365.0
52-Week Low	260.0
52-Week Price Return	29.3%
Year-to-Date Price Return	11.9%
Price to Earnings Ratio (P/E)	10.2
Price to Book Ratio (P/B)	1.97

Source: Bloomberg and Faida Analysis

We recommend a **HOLD** on Standard Chartered Bank Kenya with a fair value of KES 353.00, representing an **upside of 6.33%** based on 1st April 2026 closing price of KES 332.0 .

The Bank's key strengths include, asset quality improvement, with the gross NPL ratio declining to 5.45% in FY 2025 from 7.44% in FY 2024, alongside a reduction in gross NPLs by 26.54%, reinforcing balance sheet resilience and prudent risk management.

The Bank maintains well-diversified income streams across interest income, trade finance, and transaction banking services, supported by its strong Corporate & Investment Banking (CIB) and Wealth & Retail Banking (WRB) franchises.

Downside risks remain on potential additional pension liabilities, with 325 former employees seeking compensation similar to the 629 retirees already awarded, which could weigh on future earnings .

Interest Income

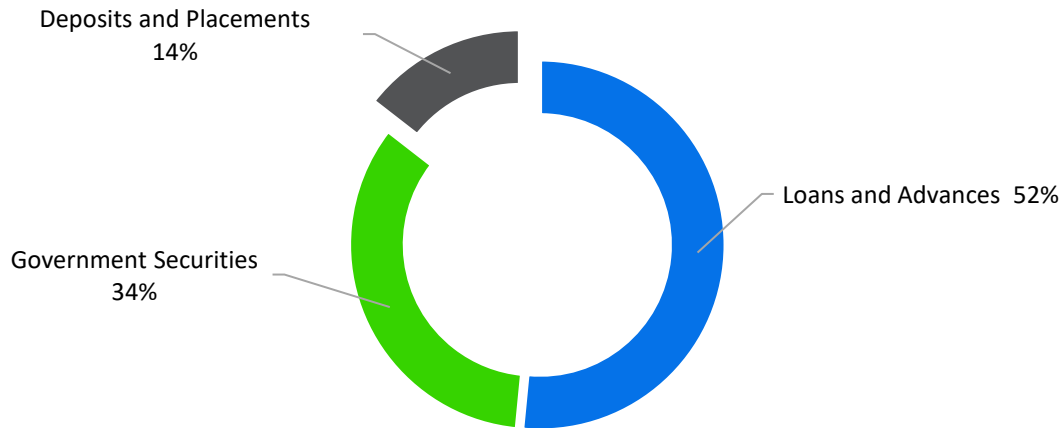
Interest income declined by 15.43% to KES 32.83 billion in FY 2025 from KES 38.82 billion in FY 2024.

This was primarily driven by a decrease in interest income from loans and advances to KES 16.92 billion in FY 2025 from KES 22.83 billion in FY 2024.

Government securities increased by 14.29% to KES 11.15 billion in FY 2025 from KES 9.76 billion in FY 2024.

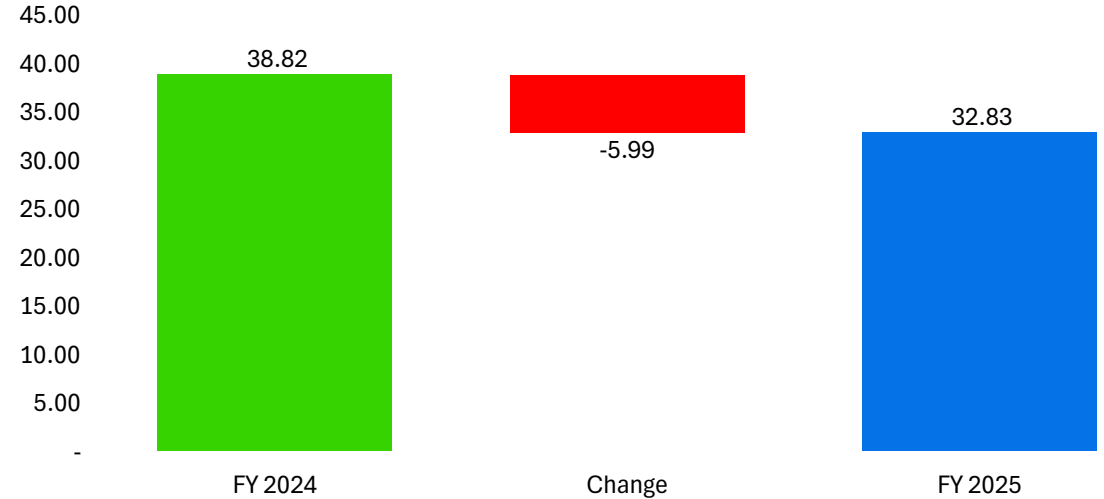
Deposits and placements declined by 23.61% to KES 4.76 billion from KES 6.23 billion in FY 2024.

Interest Income Composition in FY 2025 (%)



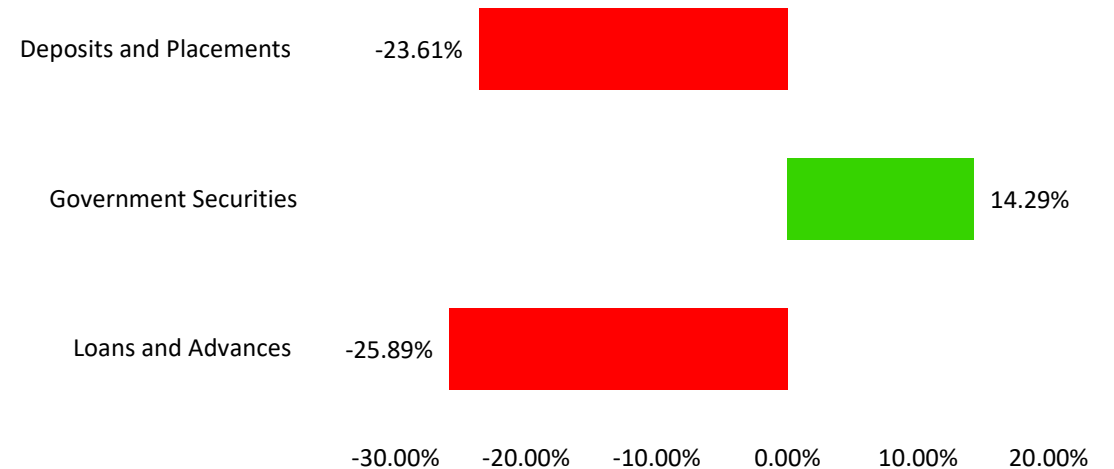
Source: Company Financials

Decline in interest income in FY 2025(kes Billions)



Source: Company financials

Interest Income growth rate Y/Y (%)



Source: Company Financials

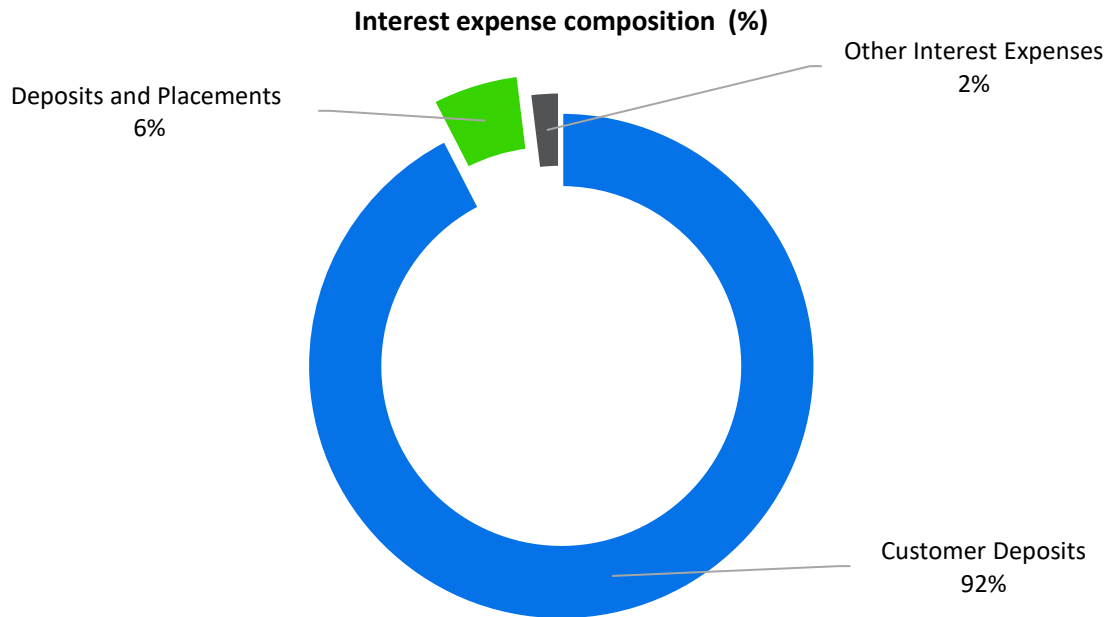
Interest Expense

Total interest expense fell by 29.39% to KES 3.94 billion from KES 5.57 billion in FY 2024.

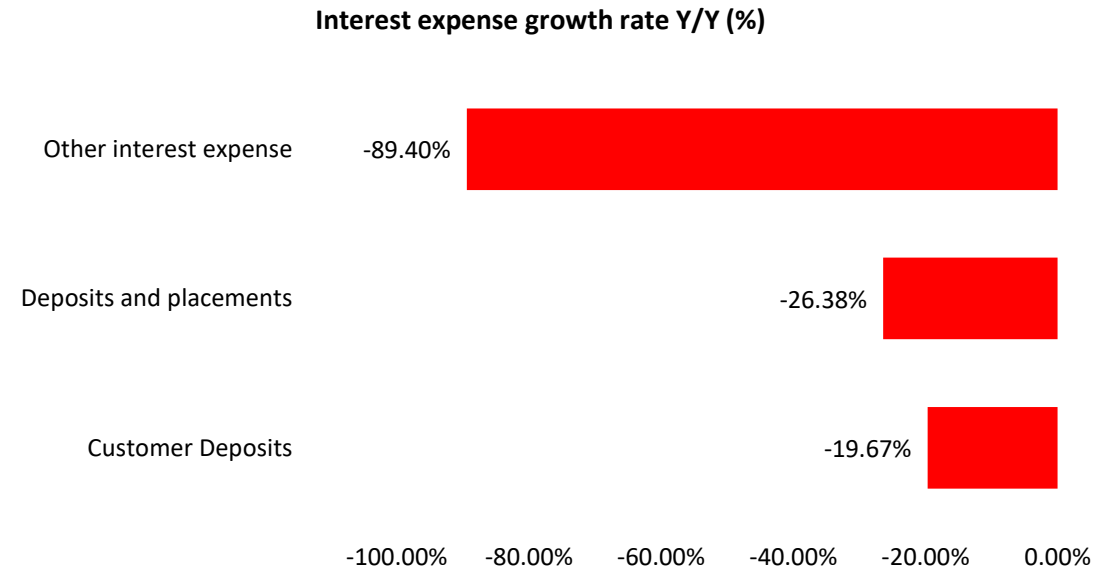
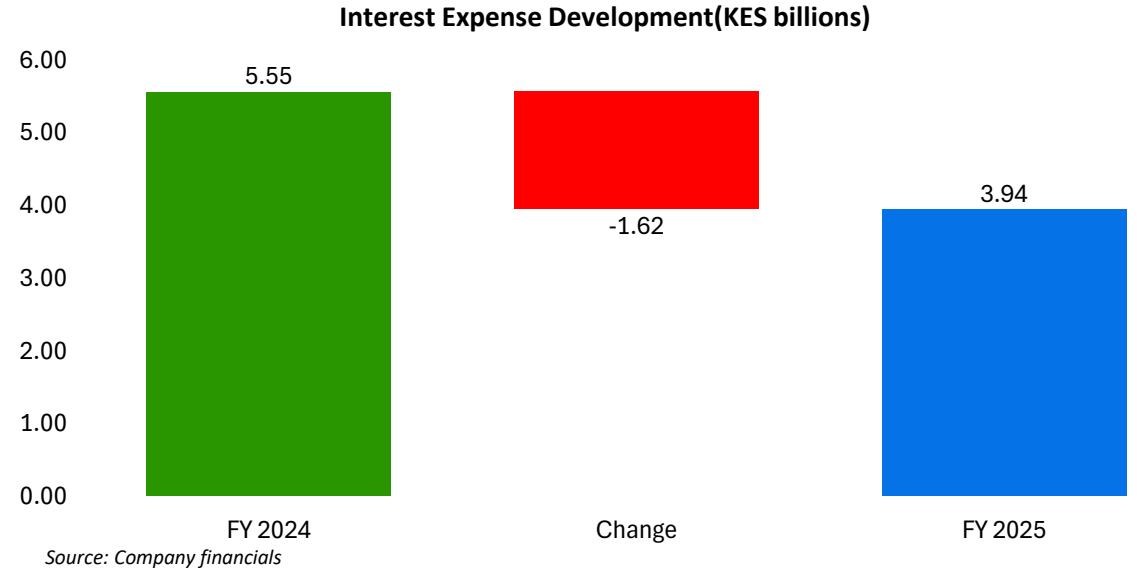
Interest on customer deposits dipped by 19.67% to KES 3.64 billion in FY 2025 from KES 4.53 billion in FY 2024.

Interest expense on deposits and placements from banking institutions dropped by 26.38% from KES 300.44 million in FY 2024 to KES 221.20 million in FY 2025.

Other interest expenses contracted by 89.40% to KES 76.56 million in FY 2025 from KES 721.93 million in FY 2024.



Source: Company Financials



Source: Company Financials

Net Interest Income & Non-funded Income

Net interest income declined by 13.15% to KES 28.89 billion in FY 2025 from KES 33.27 billion in FY 2024 ,driven by headwinds from lower rates.

Non-funded income declined by 22.98% to KES 13.41 billion from KES 17.41 billion in FY 2024.

Fees and commissions on loans and advances increased by 16.99% to KES 277.80 million from KES 237.45 million in FY 2024.

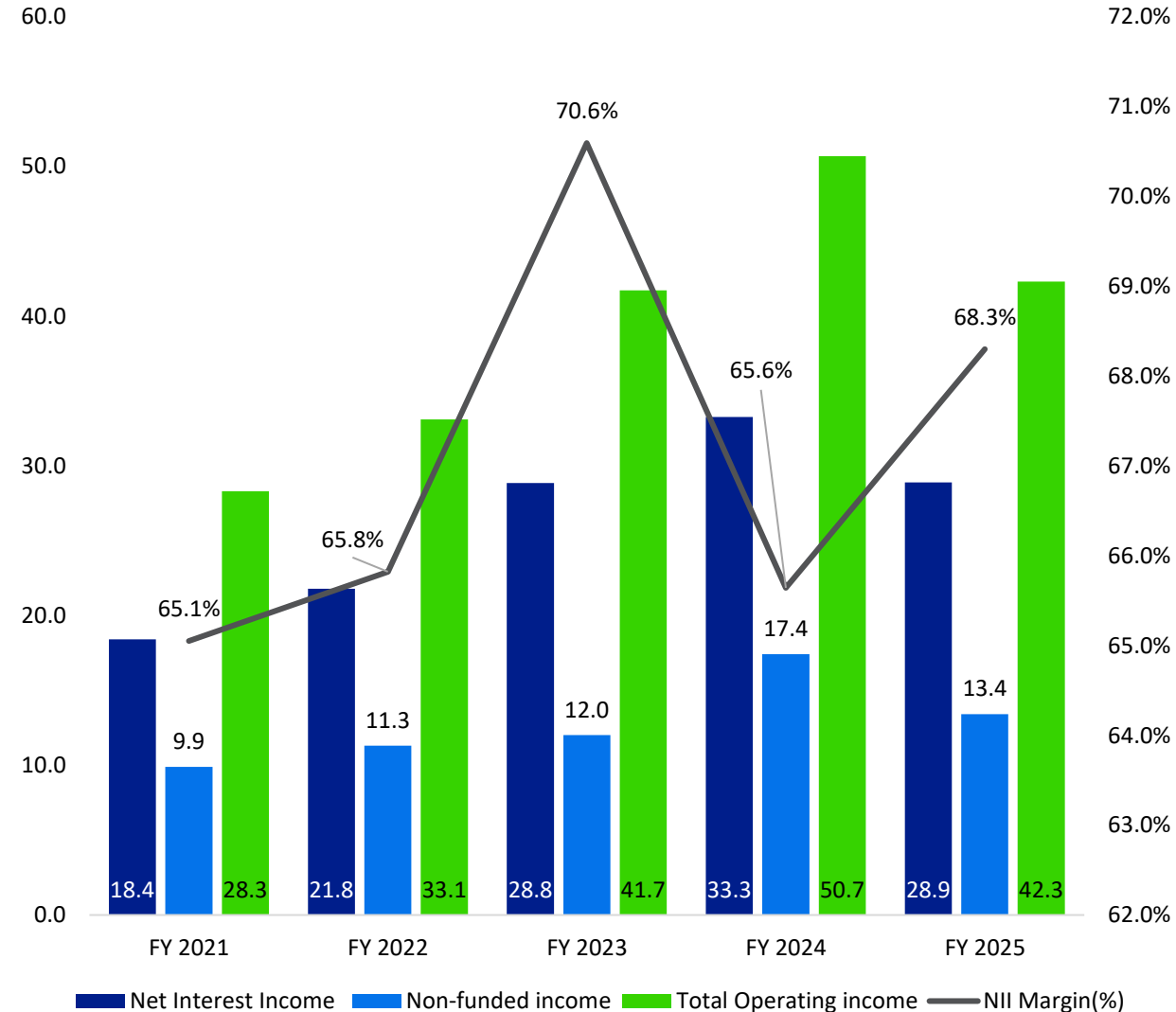
Other fees and commissions had a slight increase of 44bps to KES 6.45 billion in FY 2025 from KES 6.43 billion in FY 2024.

Foreign exchange trading income dipped by 58.62% to KES 3.42 billion from KES 8.27 billion in FY 2024.

Other income surged by 31.24% to KES 3.26 billion in FY 2025 from KES 2.48 billion in FY 2024.

Despite slight increase in other fees and commissions and other income, the overall impact led to a contraction in total operating income by 16.52% to KES 42.30 billion in FY 2025 from KES 50.68 billion.

Net interest income, Non-funded income ,Total operating income (KES billions)& Net interest income Margin(%)



Source: Company Financials

Operating expenses

Total operating expenses increased by 13.3% to KES 25.47 billion in FY2025 from KES 22.47 billion in FY2024, reflecting a KES 3.0 billion uptick largely driven by targeted hiring that projected an increase of 23.67% in staff costs to KES 11.20 billion in FY 2025 from KES 9.06 billion in FY 2024 .

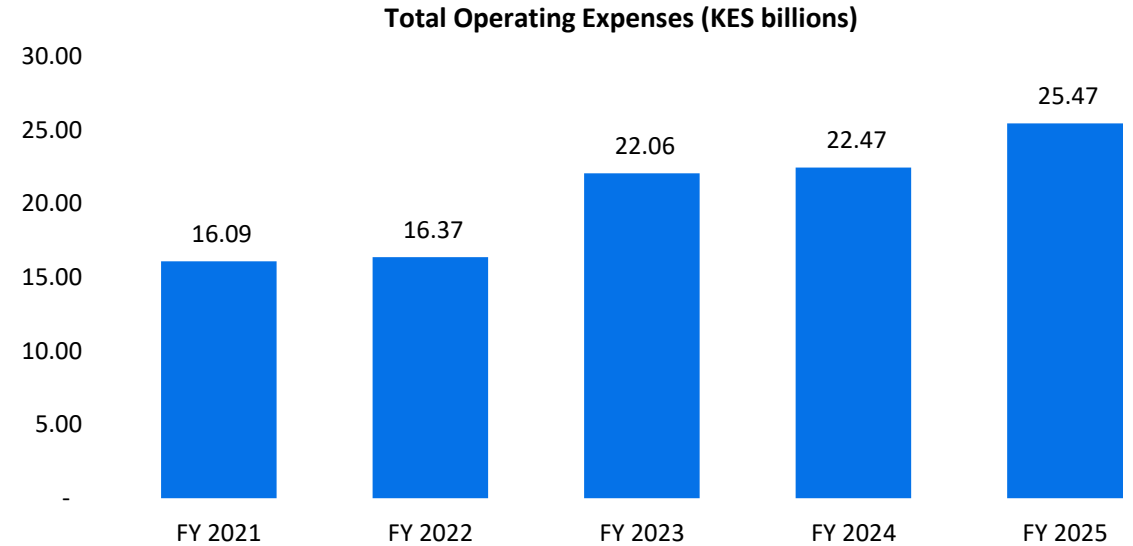
The surge in operating expenses was also contributed by continued investments in the Corporate & Investment Banking (CIB) and Wealth & Retail Banking (WRB) segments and was further compounded by a one-time pension charge of KES 2.6 billion following Supreme Court ruling against the miscalculation of pension benefits of their former 629 employees.

Loan loss provisions recorded a decline of 16.27% to KES 1.99 billion from KES 2.38 billion in FY 2024. Director emoluments dropped by 26.29% to KES 278.63 million from KES 377.99 million in FY 2024. Rental charges dropped by 10.98% to KES 292.05 million from KES 328.09 million in FY 2024.

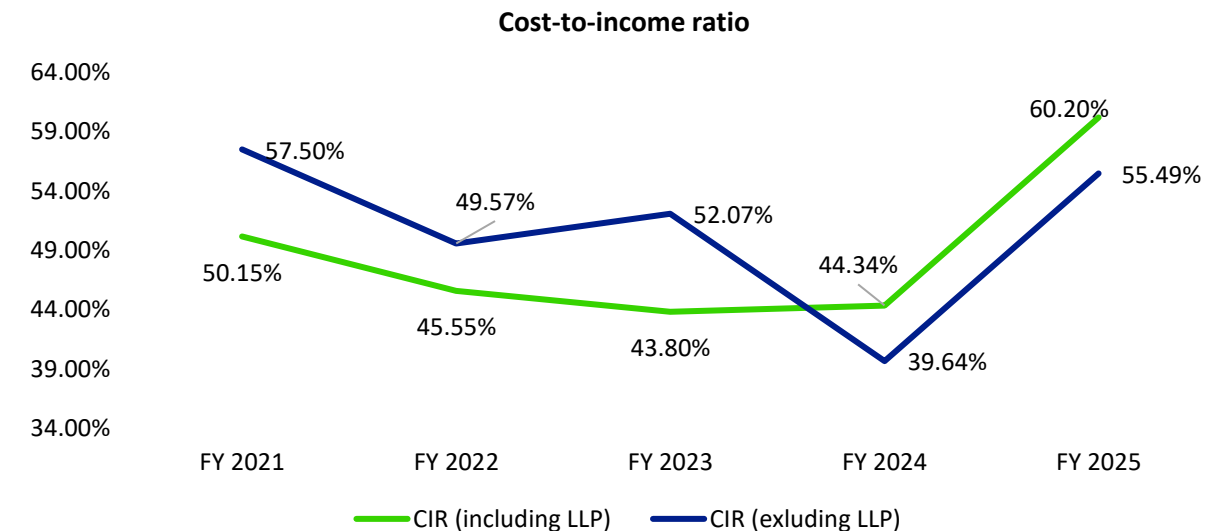
Depreciation charge on property and equipment stood at KES 450.62 million showing a 17.20% increase from KES 384.49 million in FY 2024. Amortization charges surged by 216 bps to KES 1.06 billion in FY 2025 from KES 1.04 billion in FY 2024. Other operating expenses rose by 14.45% to KES 10.19 billion in FY 2025 from KES 8.91 billion in FY 2024.

The Cost-to-income ratio (including loan loss provisions) increased by 15.86 percentage points to 60.20% in FY 2025 from 44.34% in FY 2024, reflecting higher operating expenses during the period, while the ratio excluding provisions increased by 15.85% to 55.49 % in FY 2025 from 39.64% in FY 2024.

**The cost-to-income ratio measures operational efficiency, indicating the proportion of operating income consumed by operating expenses. A lower ratio reflects improved efficiency, with the bank generating higher income relative to its costs.*



Source: Company financials



Source: Company Financials

Profitability

Profit before tax declined by 40.31% to KES 16.84 billion in FY 2025 from KES 28.21 billion in FY 2024. Profit after tax dropped by 38.00% to KES 12.44 billion in FY 2025 from KES 20.06 billion in FY 2024.

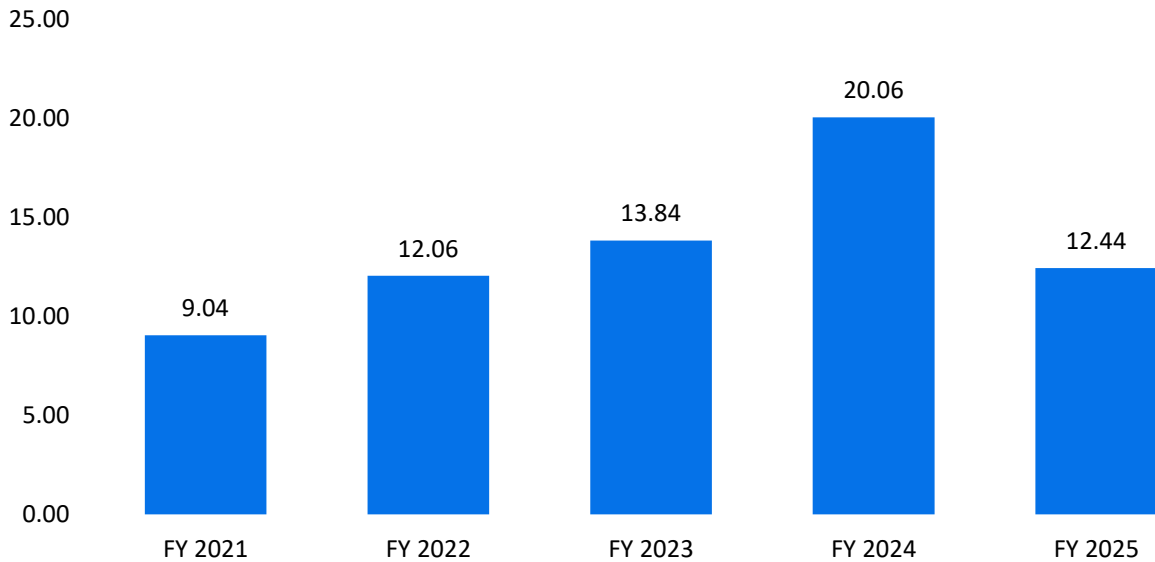
Total Comprehensive income for the period stood at KES 11.74 billion in FY 2025 recording a 46.84% drop from KES 22.07 billion in FY 2024.

Consequently, earnings per share dropped by 38.33% to KES 32.47 in FY 2025 from KES 52.65 in FY 2024.

FY 2025 ordinary dividend per share dropped by 31.11% to KES 31.00 from KES 45.00 in FY 2024 representing a decline of KES 14.00.

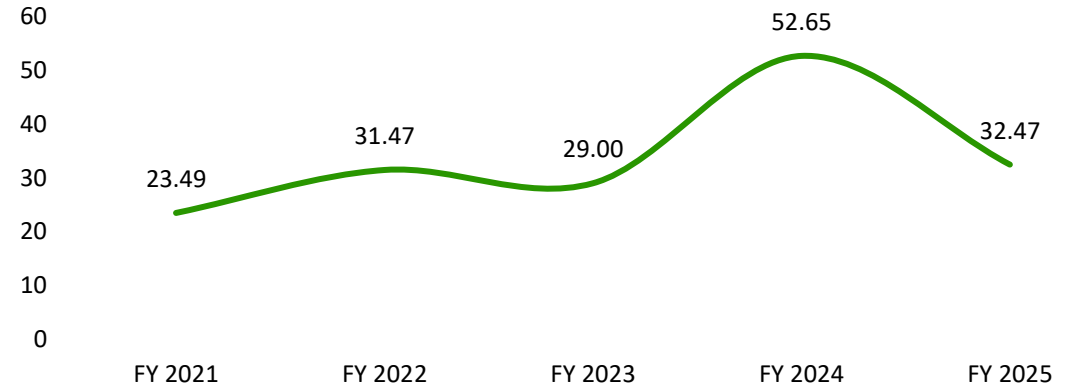
The Board declared a final dividend of KES 23.00 translating to a 94.20% payout ratio, reflecting an uptick from 84.80% in FY 2024.

Profit after tax (KES billions)



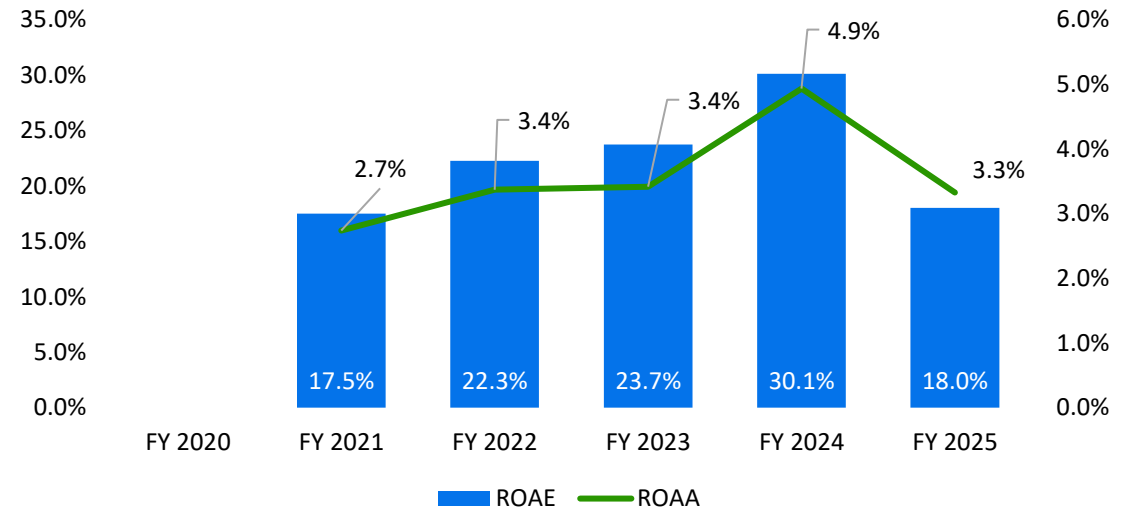
Source: Company Financials

Earnings per share (KES)



Source: Company financials

Profitability Ratios (%)



Source: Company Financials

Balance Sheet Rundown

Total Assets declined by 5.48% to KES 363.49 billion in FY 2025 from KES 384.57 billion in FY 2024 reflecting a decline of KES 21.08 billion.

Kenyan government securities held for dealing purposes increased by 11.8% to KES 104.73 billion in FY 2025 from KES 93.7 billion in FY 2024.

Balances due from foreign banking institutions rose by 12.68% to KES 740.88 million from KES 657.49 million in FY 2024, while balances due from banking institutions in the group dropped by 9.19% to KES 71.35 billion in FY 2025 from KES 78.56 billion in FY 2024.

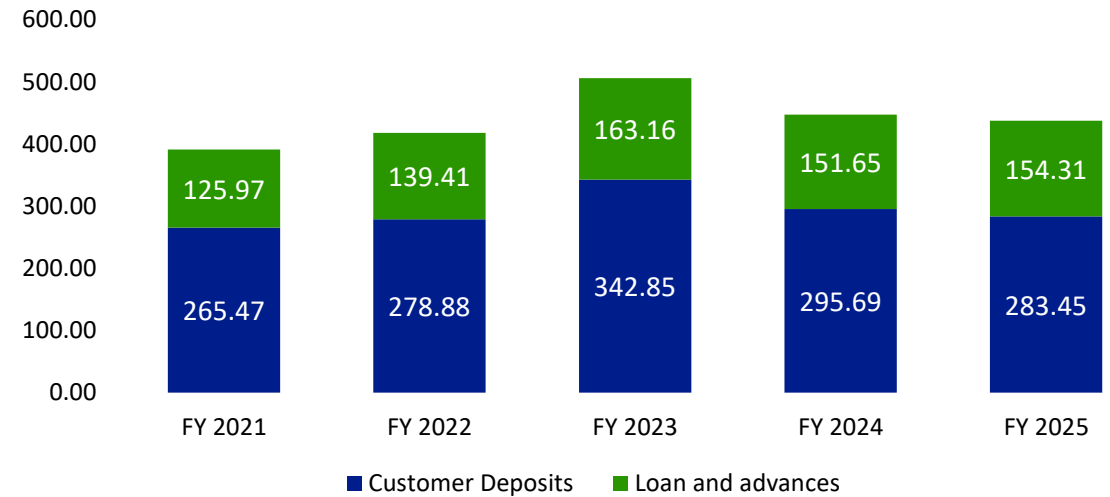
Loans and advances to customers recorded a modest increase of 175 bps to KES 154.31 billion in FY 2025 from KES 151.65 billion in FY 2024 driven by momentum in wealth lending and mortgages which were offset by reduction in unsecured lending.

Total liabilities decreased by 5.00% to KES 297.17 billion in FY 2025 from KES 312.80 billion in FY 2024. Customer deposits dropped by 414 bps to KES 283.45 billion from KES 295.69 billion, representing a decrease of KES 12.24 billion.

Loan-to-deposit ratio increased to 54.4% from 51.3% in FY 2024, while Loan-to-asset ratio rose by 300 bps to 42.5% from 39.4, reflecting higher loan mobilisation.

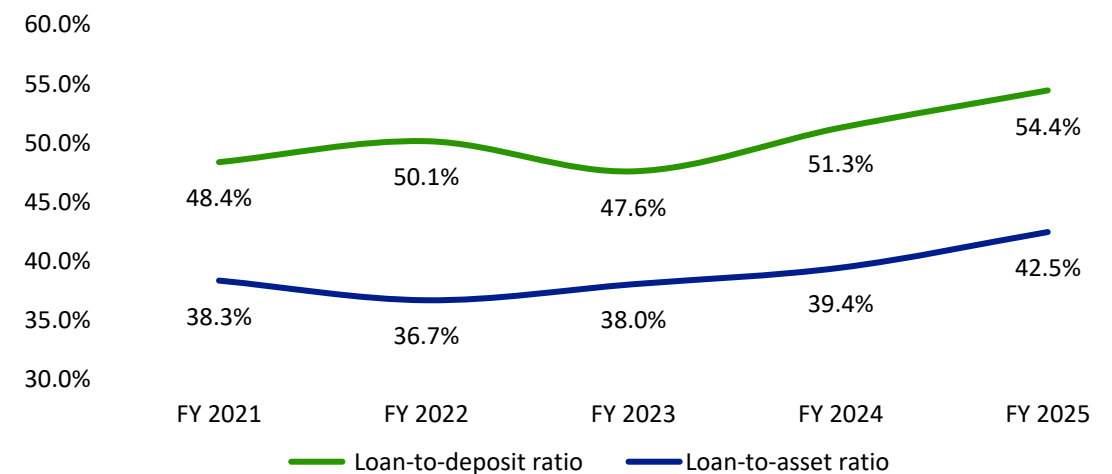
Total shareholders' funds dropped by 7.60% to KES 66.32 billion from KES 71.78 billion in FY 2024.

Loan book and Customer deposits (KES billions)



Source: Company financials

Loan-Deposit and Loan-Asset Ratios



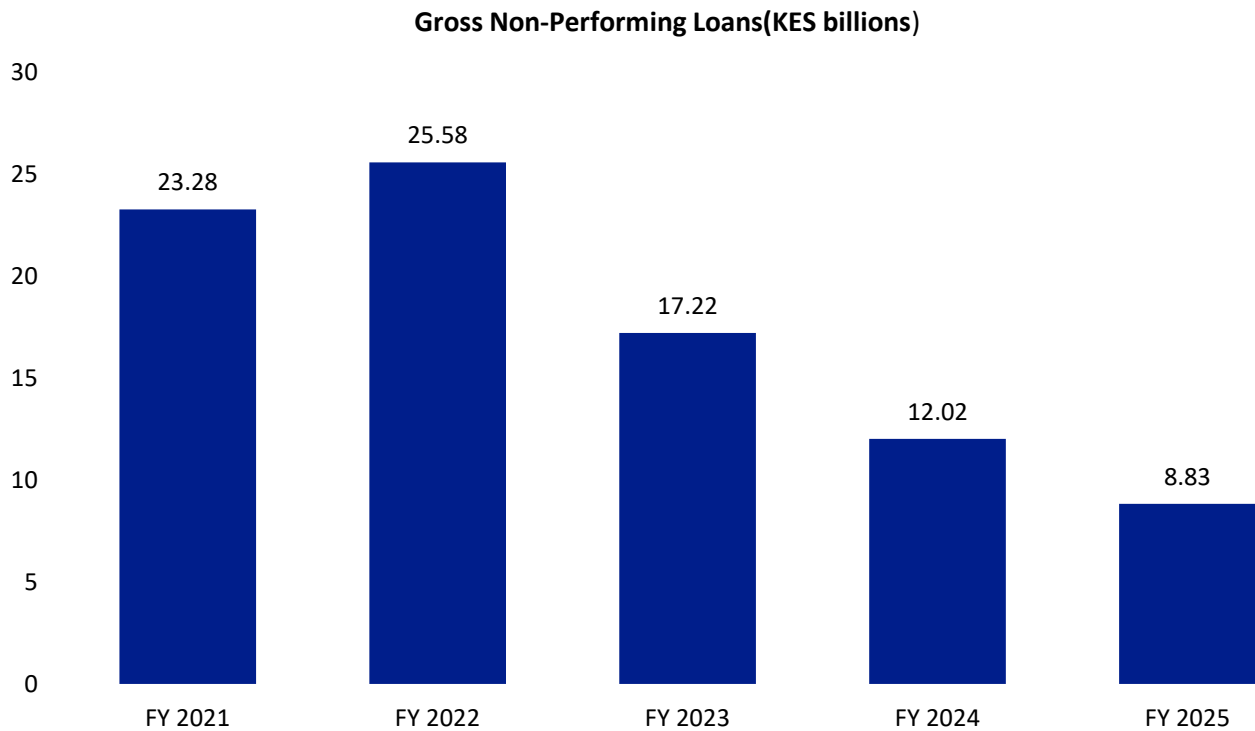
Source: Company Financials

Asset Quality

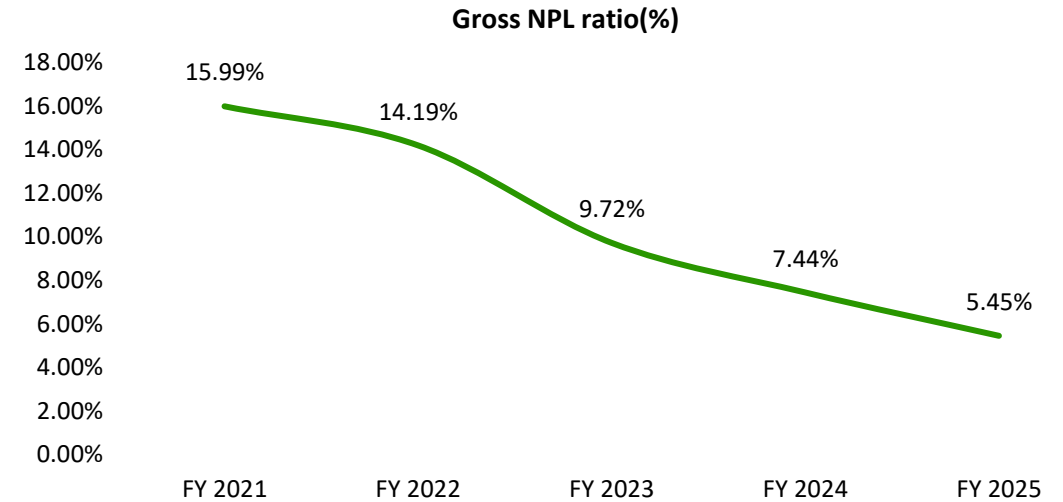
Asset quality improved, with Gross non-performing loans (NPLs) decreasing by 26.54% to KES 8.83 billion in FY 2025 from KES 12.02 billion in FY 2024, reflecting a drop of KES 3.19 billion.

Gross NPL ratio dropped from 7.44% in FY 2024 to 5.45% in FY 2025 reflecting an improvement of 199 bps.

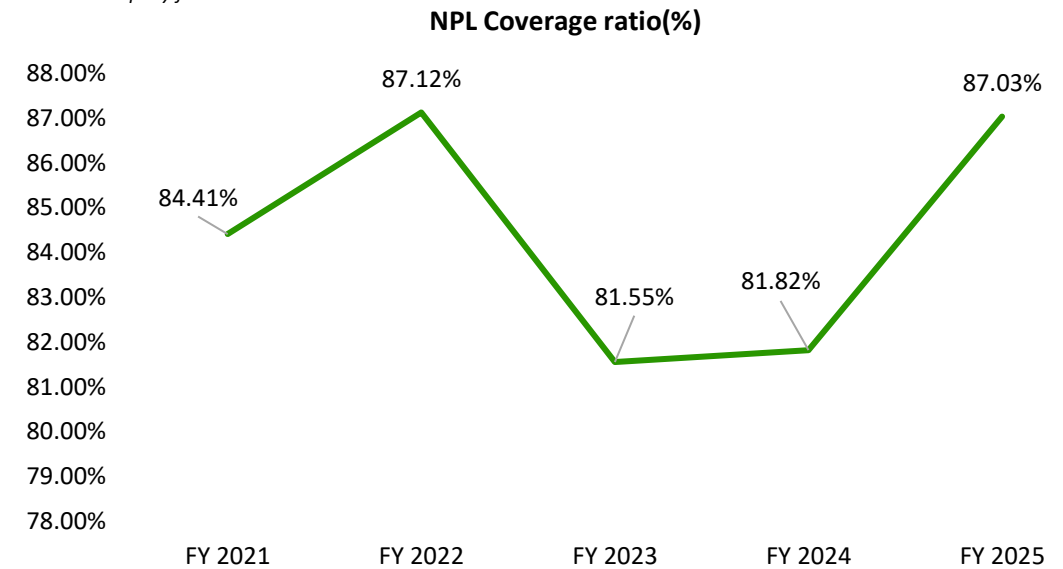
The Non-Performing Loan (NPL) coverage ratio increased by 5.22% to 87.03% in FY 2025 from 81.82% in FY 2024, indicating a marginal increase in the bank's provisioning buffer against impaired loans.



Source: Company Financials



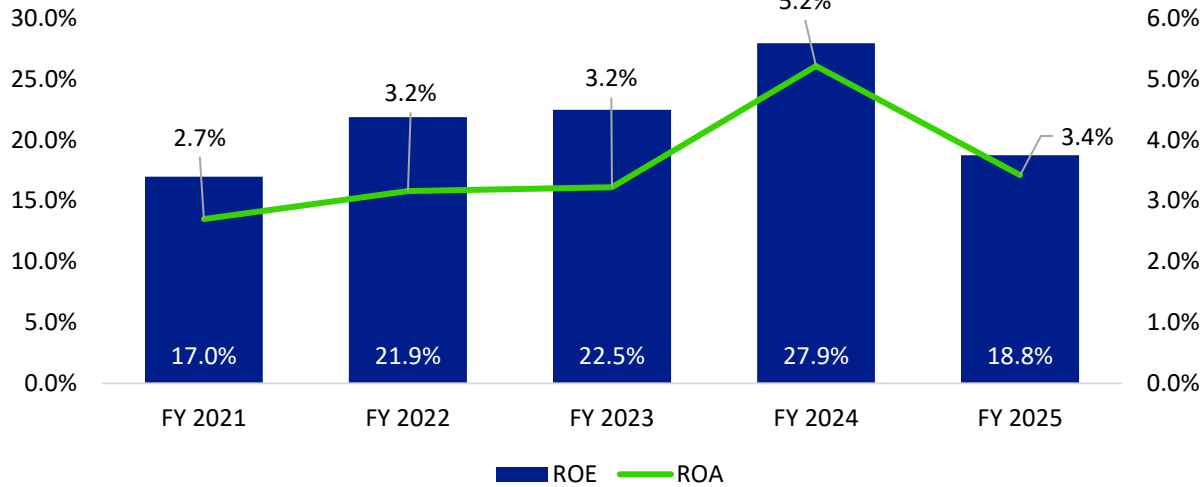
Source: Company financials



Source: Company Financials

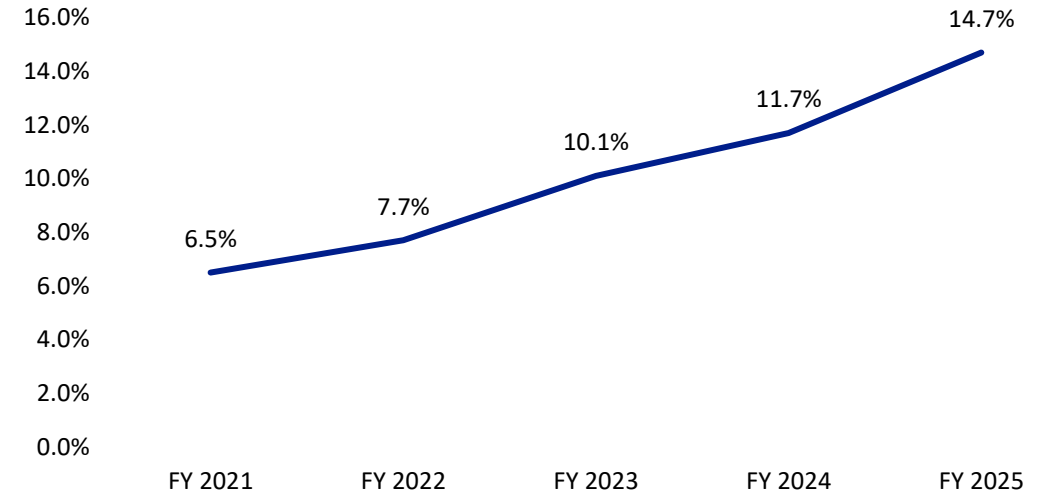
Other Key Metrics

ROE & ROA



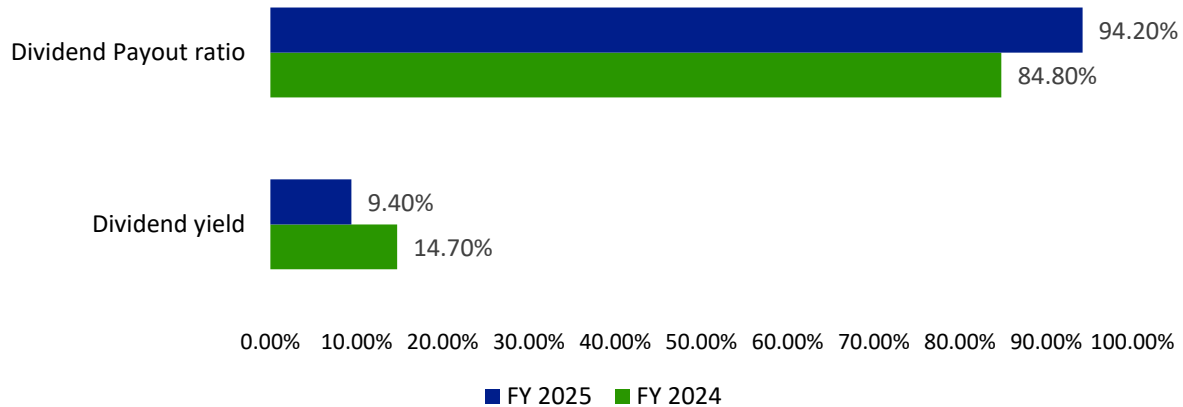
Source: Company Financials

Underlying RoTE (%)



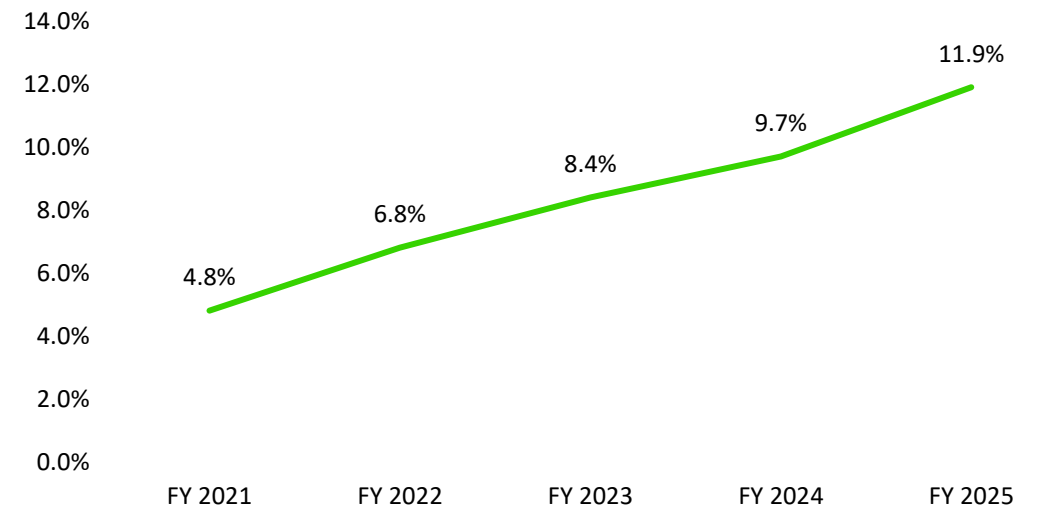
Source: Investor Briefing

Dividend per share & Dividend payout ratio



Source: Company financials

Statutory RoTE (%)



Source: Investor Briefing

Outlook and Recommendation

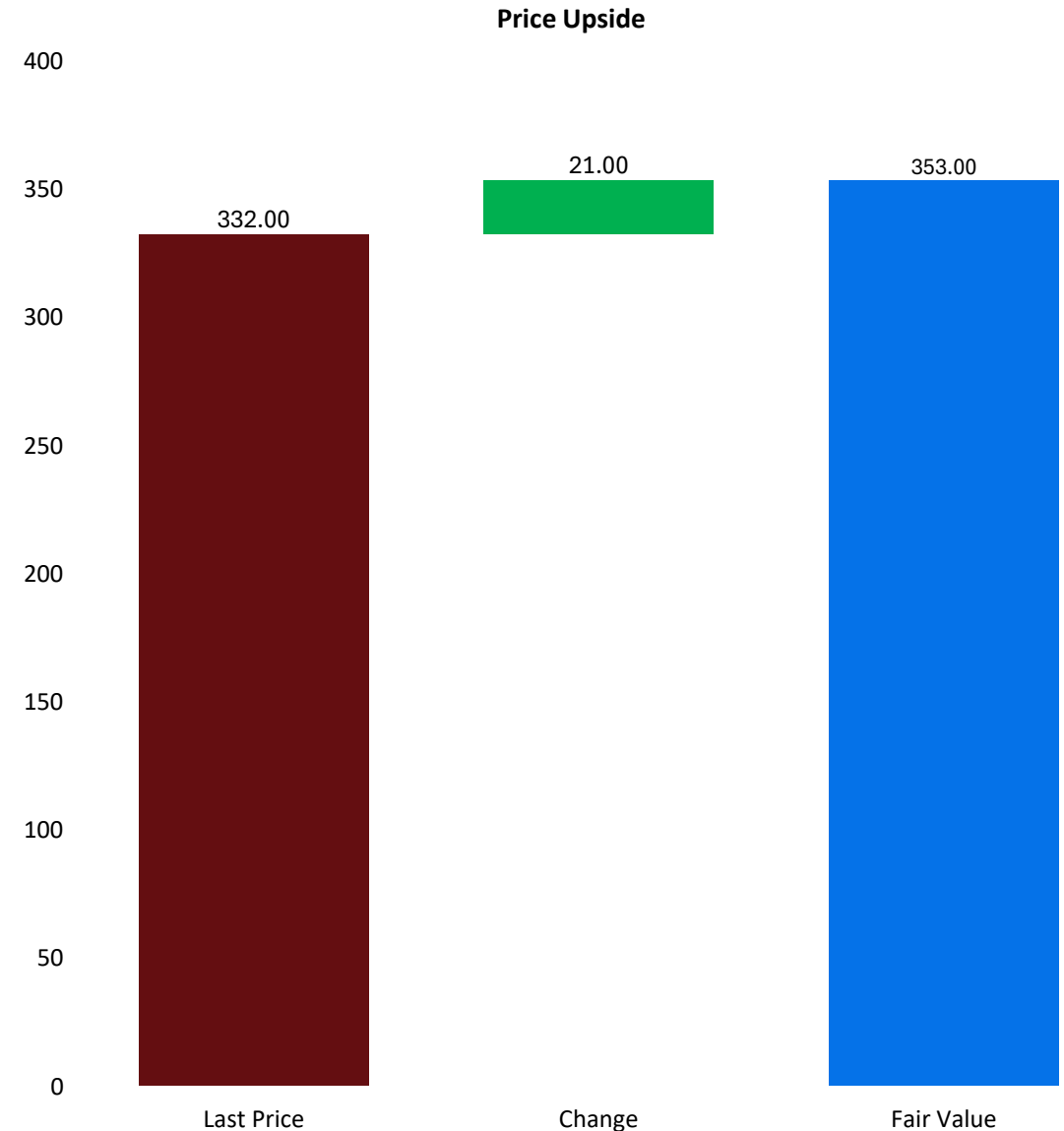
Standard Chartered's FY2025 performance features the resilience of its underlying franchise, even as reported numbers absorbed a significant one-off pension charge of KES 2.6 billion following Supreme Court ruling related to past benefit miscalculations of their former 629 staff. This non-recurring item weighed on headline profitability but did not impair the bank's core earnings power or capital strength.

Despite this headwind, the Group delivered one of the highest dividend yields in the Kenyan banking sector, supported by a robust payout ratio and superior asset quality reflected by the low non-performing loans (NPLs).

Standard Chartered enters 2026 with solid momentum across its Corporate & Investment Banking (CIB) and Wealth & Retail Banking (WRB) segments. With a stable Kenyan shilling, reduced rate volatility, and improving WRB performance, we expect earnings to rebound, and shareholder returns to remain attractive. Profitability should remain solid, supported by disciplined capital allocation and a high-margin, capital-light business model.

Cost growth is expected to remain contained, though 2026 marks the final phase of the three-year "Fit for Growth" strategy. As this is a transition year, we anticipate statutory costs to edge higher due to strategic investments and restructuring charges in CIB. Beyond 2026, the bank is well positioned to unlock operating leverage through efficiency gains, an expanded digital footprint, and a streamlined cost base.

Strategically, Standard Chartered is well positioned to capitalize on structural shifts in global trade flows. The rerouting of supply chains, particularly China's increasing trade linkages with ASEAN of up to 20% and Africa up 25%, presents a meaningful opportunity for the Bank to leverage its international network. We expect this to translate into sustained growth in trade finance, transaction banking, and fee-based income.



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Glossary of Terms

Target Price – Analyst estimate of the fair value or intrinsic value of the company.

Cost of Funds - This is the effective average interest rate paid on interest-earning liabilities. It is calculated as $\text{Total Interest Expense} / \text{Average Interest Earning Liabilities}$.

Loan Yield - This is the effective average interest rate received on average loans and advances. It is calculated as $\text{Interest on Loans and Advances} / \text{Average Loans and Advances}$.

Cost of Risk – This ratio measures the amount of risk involved in lending. It is calculated as $\text{Net Impairment Provisions} / \text{Average Gross Loans}$ in the period.

Non-Performing Loans -These are loans that have been classified as impaired. The CBK classifies loans into five categories i.e. Normal, Watch, Substandard, Doubtful, and Loss depending on the performance of the loan. The last three i.e. sub-standard, doubtful, and loss are referred to as non-performing loans. Under IFRS, these are classified as stage 3 loans.

Non-Performing Loans (NPL) Ratio - This is the proportion of NPLs in the loan book. It is calculated as $\text{Gross NPLs} / \text{Gross Loans}$.

Non-Funded/Non-Interest Income– This represents income that is not classified as interest income.

Recommendation

BUY – Minimal risks to catalysts.

SELL- Risks outweigh the catalysts.

HOLD – This is where the positives and negatives in a company almost balance out. You can accumulate for the long term