Stanbic Bank – H1’2026

7th August, 2026

Below is a summary of Stanbic Bank’s H1’2026 performance:

Balance Sheet	H1'2025 (Kshs bn)	H1'2026 (Kshs bn)	y/y change
Net Loans and Advances to Customers	233.0	290.6	24.7%
Kenya Government Securities	53.3	83.6	57.0%
Total Assets	**464.8**	**592.4**	**27.5%**
Customer Deposits	346.9	426.7	23.0%
Deposits Per Branch	11.6	14.2	23.0%
Total Liabilities	**400.5**	**523.3**	30.7%
Shareholders' Funds	**64.3**	**69.1**	7.4%

Balance sheet Ratios	H1'2025	H1'2026	% point change
Loan to Deposit ratio	67.2%	68.1%	0.9%
Government securities to deposits ratio	15.4%	19.6%	4.2%
Return on average equity	19.3%	20.7%	1.4%
Return on average assets	2.7%	2.6%	(0.1%)

Income Statement	H1'2025 (Kshs bn)	H1'2026 (Kshs bn)	y/y change
Net interest Income	14.0	14.8	5.5%
Non-interest income	5.1	4.6	(9.0%)
Total Operating income	**19.1**	**19.4**	**1.6%**
Loan loss provision	(1.6)	(0.9)	(45.6%)
Total Operating expenses	**(10.7)**	**(10.3)**	**(3.5%)**
Profit before tax	8.4	9.1	8.2%
Profit after tax	**6.4**	**6.5**	**1.33%**
Core EPS	**16.2**	**16.4**	**1.3%**
Dividend Per Share	**3.8**	**3.8**	**0.5%**
Dividend Yield (Annualized)	**12.4%**	**7.9%**	**(4.5%)**
Payout Ratio	**59.4%**	**58.9%**	**(0.5%)**

Income Statement Ratios	H1'2025	H1'2026	y/y change
Yield from interest-earning assets	12.2%	11.1%	(1.1%)
Cost of funding	5.5%	2.0%	(3.5%)
Net Interest Margin	6.3%	6.2%	(0.2%)
Net Interest Income as % of operating income	73.4%	76.2%	2.8%
Non-Funded Income as a % of operating income	26.6%	23.8%	(2.8%)
Cost to Income Ratio	55.9%	53.1%	(2.8%)

CIR without LLP	47.5%	48.5%	1.1%
Cost to Assets	1.9%	1.6%	(0.4%)

Capital Adequacy Ratios	H1'2025	H1'2026	% points change
Core Capital/Total Liabilities	17.0%	15.0%	(2.0%)
Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	**9.0%**	**7.0%**	**(2.0%)**
Core Capital/Total Risk Weighted Assets	15.2%	13.6%	(1.6%)
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	**4.7%**	**3.1%**	**(1.6%)**
Total Capital/Total Risk Weighted Assets	18.9%	16.8%	(2.1%)
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	**4.4%**	**2.3%**	**(2.1%)**
Liquidity Ratio	54.4%	57.0%	2.6%
Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	**34.4%**	**37.0%**	**2.6%**

Income Statement

- Core earnings per share increased by 1.3% to Kshs 16.4 from Kshs 16.2 recorded in in H1’2025, mainly driven by 3.5% decrease in total operating expense to Kshs 10.3 bn, from Kshs 10.7 bn in H1’2025, supported by the 1.6% increase in total operating income to Kshs 19.4 bn, from Kshs 19.1 bn in H1’2025
- The 1.6% increase in Total Operating Income was driven by a 5.5% increase in Net Interest Income to Kshs 14.8 bn in H1’2026, from Kshs 14.0 bn in H1’2025. The performance was however, weighed down by the 9.0% decrease in Non-Interest Income to Kshs 4.6 bn in H1’2026, from Kshs 5.1 bn in H1’2025.
- Interest income increased by 5.9% to Kshs 23.2 bn from Kshs 21.9 bn in H1’2025, mainly driven by a 103.3% increase in interest income from placements with banking institutions to Kshs 3.5 bn, from Kshs 1.7 bn in H1’2025, coupled with a 14.5% increase in interest income from government securities to Kshs 6.6 bn, from Kshs 5.7 bn in H1’2025, which was weighed down by the 7.8% decrease in interest income from loans and advances to Kshs 12.9 bn from Kshs 14.0 bn in H1’2025. As such, the Yield on Interest-Earning Assets (YIEA) decreased by 1.1% points to 11.1% from 12.2% recorded in H1’2025, attributable to the decline of 10.3% in trailing interest income to Kshs 44.6 bn, from Kshs 49.7 bn in H1’2025, compared to a 1.2% decrease in average interest earning assets to Kshs 403.4 bn, from Kshs 408.5 bn in H1’2025,
- Interest expenses increased by 6.6% to Kshs 8.4 bn from Kshs 7.9 bn in H1’2025, mainly driven by a 9.4% increase in interest expenses on customer deposits to Kshs 6.5 bn from Kshs 5.9 bn in H1’2025 which was however weighed down by a 40.5% decrease in interest expense on placements to Kshs 0.2 bn from Kshs 0.4 bn in H1’2025 and. Consequently, Cost of funds (COF) decreased by 3.5% points to 2.0% from 5.5% recorded in H1’2025, owing to a 60.0% decrease in trailing interest expense to Kshs 8.4 bn from Kshs 21.1 bn recorded in H1’2025, compared to a 10.5% increase in average interest-bearing liabilities to Kshs 424.5 bn from Kshs 384.0 bn in H1’2025. Trailing interest expense refers to the performance of the interest expense for the past 12 consecutive months. Net Interest Margin (NIM) decreased by 0.2% points to 6.2% from 6.3% in H1’2025, attributable to a 3.6% decrease in trailing net interest income to Kshs 24.9 bn from Kshs 25.8 bn recorded in

H1’2025, which was outpaced by the 1.2% decline in average interest earning assets to Kshs 403.4 bn in H1’2026 from Kshs 408.5 bn in H1’2025,

- Non-Funded Income (NFI) decreased by 9.0% to Kshs 4.6 bn from Kshs 5.1 bn in H1’2025, mainly driven by total fees and commissions decreasing by 25.6% to Kshs 0.05 bn from Kshs 0.07 bn in H1’2025 a 0.4% and a 0.4% decrease in foreign exchange income to Kshs 1.95 bn, from Kshs 1.96 bn in H1’2025. The revenue mix shifted to 76:24, from 73:27 for the funded to Non-funded income owing to the 5.5% increase in Funded Income, compared with the 9.0% decrease in the Non-Funded Income,
- Total operating expense decreased by 3.5% to Kshs 10.3 bn in H1’2026, from Kshs 10.7 bn in H1’2025, mainly attributable to 45.6% decrease in loan loss provision to Kshs 0.9 bn, from Kshs 1.6 bn in H1’2025. This was weighed down by the 18.3% increase in staff costs to Kshs 2.5 bn from Kshs 2.1 bn in H1’2025 and 4.0% increase in other operating expenses to Kshs 9.4 bn from Kshs 9.1 bn in H1’2025.
- Cost to Income Ratio (CIR) decreased by 2.8% points to 53.1% from 55.9% in H1’2025, owing to the 3.5% decrease in total operating expenses to Kshs 10.3 bn in H1’2026 from Kshs 10.7 bn in H1’2025, which outpaced the 1.6% increase in total operating income to Kshs 19.4bn in H1’2026 from Kshs 19.1 bn H1’2025. Notably, CIR without LLP increased by 1.1% points to 48.5% in H1’2026, from 47.5% recorded in H1’2025,
- Profit before tax increased by 8.2% to Kshs 9.1 bn, from Kshs 8.4 bn recorded in H1’2025, with effective tax rate increasing by 4.7% points to 28.6% in H1’2026, from 23.9% in H1’2026, leading to a 1.3% increase in profit after tax to Kshs 6.5 bn in H1’2026, from Kshs 6.4 bn in H1’2025.
- The Board of Directors recommended an interim dividend of Kshs 3.82 per share translating to an annualized dividend yield of 7.9% and dividend payout ratio of 58.9% in H1’2026 from an annualized dividend yield of 12.4% and a dividend payout ratio of 59.4% in H1’2025

Balance Sheet

- The balance sheet recorded an expansion as total assets increased by 27.5% to Kshs 592.4 bn, from Kshs 464.8 bn in H1’2025, mainly driven by a 24.7% increase in net loans and advances to customers to Kshs 290.6 bn, from 233.0 bn in H1’2025. Government securities increased by 57.0% to Kshs 83.6 bn, from Kshs 53.3 bn in H1’2025. Total liabilities increased by 30.7% to Kshs 523.3 bn from Kshs 400.5 bn in H1’2025, mainly driven by a 23.0% increase in customer deposits to Kshs 426.7 bn, from Kshs 346.9 bn in H1’2025, outpacing a 1.8% decrease in borrowings to Kshs 18.6 bn, from Kshs 19.0 bn in H1’2025. With 30 branches similar to H1’2025, deposits per branch increased 23.0% to Kshs 14.2 bn, from Kshs 11.6 bn in H1’2025,
- The 23.0% increase in customer deposits, compared to the 24.7% increase in net loans led to an increase in the loan to deposits ratio by 0.9% points to 68.1%, from 67.2% in H1’2025,
- The bank’s Asset Quality improved, with Gross NPL ratio decreasing by 2.1% points to 7.3% in H1’2026, from 9.5% in H1’2025, attributable to an 5.1% decrease in Gross non-performing loans to Kshs 22.7 bn, from Kshs 23.9 bn in H1’2025, relative to the 22.7% increase in gross loans to Kshs 310.3 bn, from Kshs 252.8 bn recorded in H1’2025,
- General Provisions (LLP) decreased by 6.8% to Kshs 12.2 bn in H1’2026 from Kshs 13.1 bn in H1’2025. The NPL coverage increased by 4.7% points to 86.6% in H1’2026, from 82.7% in H1’2025, attributable to the 6.8% decrease in general provisions to 12.2 bn in H1’2026 from Kshs 13.1 bn in H1’2025 coupled with the 11.5% increase in interest in suspense to Kshs 7.5 bn from 6.7 bn in H1’2025.
- Shareholders’ funds increased by 7.4% to Kshs 69.1 bn in H1’2026, from Kshs 64.3 bn in H1’2025, attributable to the 1.6% increase in retained earnings to Kshs 5.0 bn, from Kshs 4.9 bn in H1’2025,

- Stanbic Bank remains capitalized with a core capital to risk-weighted assets ratio of 13.6%, 3.1% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 16.8%, exceeding the statutory requirement of 14.5% by 2.3% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 2.6%, and a Return on Average Equity (ROaE) of 20.7%.

Key Take-Outs:

1. **Increased earnings -** Core earnings per share increased by 1.3% to Kshs 16.4 from Kshs 16.2 recorded in in H1’2025, mainly driven by 1.6% decrease in total operating expense to Kshs 10.3 bn, from Kshs 10.7 bn in H1’2025, and the 1.6% increase in total operating income to Kshs 19.4 bn, from Kshs 19.1 bn in H1’2025.
2. **Improved asset quality –** The bank’s Asset Quality improved, with Gross NPL ratio decreasing by 2.1% points to 7.3% in H1’2026, from 9.5% in H1’2025, attributable to an 5.1% decrease in Gross non-performing loans to Kshs 22.7 bn, from Kshs 23.9 bn in H1’2025, relative to the 22.7% increase in gross loans to Kshs 310.3 bn, from Kshs 252.8 bn recorded in H1’2025,
3. **Expanded Balanced sheet** - The balance sheet recorded an expansion as total assets increased by 27.5% to Kshs 592.4 bn, from Kshs 464.8 bn in H1’2025, mainly driven by a 24.7% increase in net loans and advances to customers to Kshs 290.6 bn, from 233.0 bn in H1’2025. Government securities increased by 57.0% to Kshs 83.6 bn, from Kshs 53.3 bn in H1’2025.
4. **Dividend declaration** - The Board of Directors recommended an interim dividend of Kshs 3.82 per share translating to an annualized dividend yield of 7.9% and dividend payout ratio of 58.9% in H1’2026 from an annualized dividend yield of 12.4% and a dividend payout ratio of 59.4% in H1’2025

Going forward, the factors that would drive the bank’s growth would be:

- **Loan book expansion.** Continued growth in customer lending is expected to remain a key driver of the bank’s earnings. Customer net loans increased by 24.7% to Kshs 290.6 bn, from Kshs 233.0 bn in H1’2025 as the lender increased lending. The strong loan growth provides room for further expansion in interest income, particularly if the bank maintains prudent pricing and credit underwriting standards. Going forward, the bank’s ability to sustain loan growth while maintaining asset quality and an optimal risk-adjusted return will be critical to supporting growth in net interest income.

Valuation Summary

- We are of the view that Stanbic Bank is a “Accumulate” with a target price of Kshs 300.3 representing an upside of 10.7%, inclusive of an annualized dividend yield of 7.9% from the current price of 284.0 as of 7th August 2026.
- Stanbic Bank is currently trading at a P/TBV of 1.6x and a P/E of 8.4x vs an industry average of 1.2x and 6.3x respectively.