Standard Chartered Bank Kenya Ltd– H1’2026
21st August, 2026

Below is a summary of Standard Chartered Bank Ltd H1’2026 performance:

Balance Sheet Items	H1'2025	H1'2026	y/y change
Net loans	152.2	169.2	11.1%
Government Securities	103.1	82.6	(19.9%)
Total Assets	**372.1**	**418.1**	**12.4%**
Customer Deposits	290.6	309.1	6.4%
Deposits per Branch	11.6	14.1	20.9%
Total Liabilities	**306.5**	**354.3**	**15.6%**
Shareholder's Funds	**65.6**	**63.8**	**(2.7%)**

Balance Sheet Ratios	H1'2025	H1'2026	% points change
Loan to deposit ratio	52.4%	54.7%	2.3%
Government securities to deposit ratio	35.5%	26.7%	(8.8%)
Return on Average Equity	27.5%	17.1%	(10.4%)
Return on Average Assets	4.8%	2.8%	(2.0%)

Income Statement	H1'2025	H1'2026	y/y change
Net Interest Income	15.3	12.3	(19.8%)
Net non-Interest Income	6.8	7.9	15.9%
Total Operating income	**22.1**	**20.1**	**(8.8%)**
Loan Loss provision	1.2	0.5	(56.9%)
Total Operating expenses	**11.2**	**10.6**	**(5.6%)**
Profit before tax	10.9	9.6	(12.1%)
Profit after tax	**8.1**	**6.7**	**(16.8%)**
Core EPS	**21.4**	**17.8**	**(16.8%)**
Dividend Per Share	**8.0**	**8.5**	**6.3%**
Dividend Yield	**13.4%**	**9.4%**	**(4.0%)**
Dividend Payout Ratio	**37.4%**	**47.7%**	**10.4%**

Income Statement Ratios	H1'2025	H1'2026	% points change
Yield from interest-earning assets	10.8%	8.7%	(2.2%)
Cost of funding	1.7%	1.3%	(0.4%)
Net Interest Spread	9.2%	7.4%	(1.8%)
Net Interest Margin	9.4%	7.5%	(1.9%)
Cost of Risk	5.3%	2.5%	(2.8%)
Net Interest Income as % of operating income	69.3%	60.9%	(8.3%)
Non-Funded Income as a % of operating income	30.7%	39.1%	8.3%
Cost to Income Ratio	50.6%	52.4%	1.8%
Cost to Income Ratio without LLP	45.3%	49.9%	4.6%
Cost to Assets	2.7%	2.5%	(0.1%)

Capital Adequacy Ratios	H1'2025	H1'2026	% Points Change
Core Capital/Total Liabilities	19.4%	18.4%	(1.0%)
Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	**11.4%**	**10.4%**	(1.0%)
Core Capital/Total Risk Weighted Assets	19.5%	18.2%	(1.3%)
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	**9.0%**	**7.7%**	**(1.3%)**
Total Capital/Total Risk Weighted Assets	19.6%	18.2%	(1.4%)
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	**5.1%**	**3.7%**	**(1.4%)**
Liquidity Ratio	64.5%	67.3%	2.9%

Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	**44.5%**	**47.3%**	**2.9%**

Income Statement

- Core earnings per share decreased by 16.8%% to Kshs 17.8 in H1'2026, from Kshs 21.4 in H1'2025, driven by the 8.8% decrease in Total Operating income to Kshs 20.1 bn in H1'2026, from Kshs22.1 bn in H1'2025 which outpaced the 5.6% decrease in total operating expense to Kshs 10.6 bn in H1'2026 from Kshs 11.2 bn in H1'2025,
- The 8.8% decline in total operating income was mainly driven by a 19.8% decrease in Net Interest Income to Kshs 12.3 bn in H1'2026, from Kshs 15.3 bn in H1'2025. However, Non-Funded Income (NFI) increased by 15.9% to Kshs 7.9 bn in H1'2026 from Kshs 6.8 bn in H1'2025,
- Interest income declined by 17.5% to Kshs 14.2 bn in H1'2026 from Ksh 17.2 bn in H1'2025, mainly driven by a 34.9% decrease in interest income from holdings in Government Securities to Kshs 3.9 bn in H1'2026, from Kshs 6.1 bn in H1'2025 coupled with a 14.1% decrease in interest income from Loans and advances to Kshs 8.1 bn in H1'2026 from Kshs 9.4 bn in H1'2025. The decline in interest income was however supported by a 24.6% increase in interest income from placements to Kshs 2.2 bn in H1'2026, from Kshs 1.8 bn in H1'2025. The Yield on Interest-Earning Assets (YIEA) decreased by 2.2% points to 8.7% in H1'2026 from 10.8% in H1'22025 mainly attributable to the 19.0% decrease in trailing interest income to Kshs 29.8 bn in H1'2026, from Kshs 36.8 bn in H1'2025, coupled with a 1.1% increase in average interest earning assets to Kshs 343.7 bn from Kshs 339.9 bn in H1'2025.
- Interest expenses increased marginally by 0.7% to Kshs 1.93 bn in H1'2026, from Kshs 1.91 bn in H1'2025, mainly driven by 95.7% increase in interest expense from placements to Kshs 0.20 bn in H1'2026, from Kshs 0.10 bn in H1'2025. However, Interest expense from customer deposits decreased by 4.5% to Kshs 1.7 bn In H1'2026 from Kshs 1.8 bn recorded in H1'2025. Cost of funds (COF) decreased by 0.4% points to 1.3% in H1'2026, from 1.7% recorded in H1'2025, owing to a faster 16.9% decrease in Trailing interest expense to Kshs 3.9 bn in H1'2026, from Kshs 4.8 bn in H1'2025, compared to the 6.2% increase in average interest bearing liabilities to Kshs 301.7 bn in H1'2026 from Kshs 284.0 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 1.9% points to 7.5% in H1'2026, from 9.4% in H1'2025, attributable to the 19.3% decrease in trailing net interest income to Kshs 25.9 bn in H1'2026 from kshs 32.0 bn in H1'2025, compared to a 1.1% increase in average total interest earning assets to Kshs 343.7 bn in H1'2026 from Kshs 339.9 bn in H1'2025.
- Non-Funded Income (NFI) increased by 15.9% to Kshs 7.9 bn in H1'2026 from Kshs 6.8 bn in H1'2025, mainly driven by a 25.6% increase in the other fees and commissions income to Kshs 4.0 bn in H1'2026 from Kshs3.2 bn in H1'2025 coupled with 16.4% increase in fx income to Kshs 2.3 bn in H1'2026 from Kshs 2.0 bn in H1'2025. The performamce was however weighed down by 35.8% decrease in fees and commissions to Kshs 0.09 bn in H1'2026 from Kshs 0.14 bn in H1'2025.
- Total operating expenses decreased by 5.6% to Kshs 10.6 bn in H1'2026 from Kshs 11.2 bn in H1'2025, mainly driven by the 56.9% decrease in loan loss provision to Kshs 0.5 bn in H1'2026 from Kshs 1.2bn in H1'2025, The decrease in provisioning comes as a result of the 6.5% decrease in gross non-performing loans to Kshs 9.0 bn in H1'2026, from Kshs 9.6 bn in H1'2025. Staff costs however increased by 9.7% to Kshs 4.8 bn in H1'2026 from Kshs 4.4 bn in H1'2025.
- Cost to Income Ratio (CIR) increased by 1.8% points to 52.4% in H1'2026 from 50.6% in H1'2025, driven by 5.6% decrease in total operating expenses, which was outpaced by the 8.8% decrease in total operating income. Similarly, CIR without LLP increased by 4.6% points to 49.9% in H1'2026 from 45.3% recorded in H1'2025, and,
- Profit before tax decreased by 12.1% to Kshs 9.6bn in H1'2026 from Kshs 10.9 bn in H1'2025. As such, profit after tax decreased by 16.8% to Kshs 6.7 bn in H1'2026, from kshs 8.1 bn in H1'2025.

Balance Sheet

- The balance sheet recorded an expansion as total assets increased by 12.4% to Kshs 418.1 bn, from Kshs 372.1 bn in H1’2026, driven by an 11.1% increase in net loans to Kshs 169.2 bn in H1’2026 from Kshs 137.9 bn in H1’2025, compared to a 19.9% decrease in Government securities to Kshs 82.6 bn in H1’2026 from Kshs 103.1 bn in H1’2025.
- Total liabilities increased by 15.6% to Kshs 354.3 bn in H1’2026 from Kshs 306.5 bn in H1’2025. This increase was driven by a 6.4% increase in customer deposits to Kshs 309.1 bn from Kshs 290.6 bn in H1’2025.
- The loan to deposits ratio increased 2.3% points to 54.7% in H1’2026 from 52.4% in H1’2025 attributable to the 11.1% increase in net loans to Kshs 169.2 bn in H1’2026 from Kshs 152.2 bn in H1’2025, which outpaced the 6.4% increase in customer deposits to Kshs 309.1 bn from Kshs 290.6 bn in H1’2025.
- The bank’s Asset Quality improved, with Gross NPL ratio decreasing by 0.9% points to 5.1% in H1’2026, from 6.0% in H1’2025, attributable to the 6.5% decrease in gross non-performing loans to Kshs 9.0 bn, from Kshs 9.6 bn in H1’2025, coupled with a 10.4% increase in gross loans to Kshs 176.7 bn, from Kshs 160.0 bn recorded in H1’2025,
- General Provisions (LLP) decreased by 2.9% to Kshs 4.0 bn in H1’2026 from Kshs 4.2bn in H1’2025. The NPL coverage increased by 3.6% points to 84.3% in H1’2026, from 81.4% in H1’2025, attributable to the 6.5% decline in Gross non-performing loans to Kshs 9.0 bn, from Kshs 9.6 bn in H1’2025, which outpaced the 3.3% decrease in Interest Suspense to Kshs 3.5 bn from Kshs 3.6 bn recorded in H1’2025,
- Shareholders’ funds decreased by 2.7% to Kshs 63.8 bn in H1’2026, from Kshs 65.6 bn in H1’2025, due to the 1.0% decrease in retained earnings to Kshs 47.9 bn, from Kshs 48.4 bn in H1’2025,
- Standard Charteted Bank Kenya Ltd remained capitalized with a Core Capital to Risk-Weighted Assets ratio of 18.2%, 7.0% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 18.2% exceeding the statutory requirement of 14.5% by 3.7% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 2.8%, and a Return on Average Equity (ROaE) of 17.1%.

Key Take-Outs:

1. **Decreased earnings growth –** Core earnings per share decreased by 16.8%% to Kshs 17.8 in H1’2026, from Kshs 21.4 in H1’2025, driven by the 8.8% decrease in Total Operating income to Kshs 20.1 bn in H1’2026, from Kshs22.1 bn in H1’2025 which outpaced the 5.6% decrease in total operating expense to Kshs 10.6 bn in H1’2026 from Kshs 11.2 bn in H1’2025,
2. **Improved asset quality –** The bank’s Asset improved, with Gross NPL ratio decreasing marginally to 5.1% in H1’2026, from 6.0% in H1’2025, attributable to the 6.5% decrease in gross non-performing loans to Kshs 9.0 bn, from Kshs 9.6 bn in H1’2025, and a 10.4% increase in gross loans to Kshs 176.7 bn, from Kshs 160.0 bn recorded in H1’2025, and,
3. **Declaration of dividends-** The Board of Directors recommended an interim dividend of Kshs 8.5 per share translating to an annualized dividend yield of 9.4% and a dividend payout ratio of 47.7% compared to an annualized dividend yield of 13.4% and dividend payout ratio of 37.4% recorded in H1’2025.

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

- **Digital transformation -** The lender has leveraged digital innovation to enhance service delivery, enabling customers to invest in various funds such as offshore mutual funds, government securities, and local money market funds, as well as to access digital loans. This digital shift has significantly contributed to the lender's financial performance. The convenience and speed offered by digital banking services have made it easier for customers to manage their finances and access financial products, leading to higher customer satisfaction and loyalty. Consequently, the lender's adoption of digital solutions has positioned it as a competitive player in the financial market, driving growth and expanding its market share.

Valuation Summary

- We are of the view that Standard Chartered Bank is an “Accumulate” with a target price of Kshs 343.6 representing an upside of 2.4%, from the current price of Kshs 333.5 as of 21st August 2026.

- Standard Chartered Bank Kenya is currently trading at a P/TBV of 2.0 x and a P/E of 11.4x vs an industry average of 1.3x and 6.5x respectively.