Stanbic Bank – Q3'2026

20th November, 2026

Below is a summary of Stanbic Bank's Q3'2026 performance:

Balance Sheet	Q3'2025 (Kshs bn)	Q3'2026 (Kshs bn)	y/y change
Net Loans and Advances to Customers	253.1	294.3	16.2%
Kenya Government Securities	100.4	127.8	27.2%
Total Assets	**476.2**	**565.2**	**18.7%**
Customer Deposits	343.9	414.6	20.6%
Deposits Per Branch	11.5	13.8	20.6%
Total Liabilities	**410.3**	**493.2**	20.2%
Shareholders' Funds	**65.9**	**72.1**	9.3%

Balance sheet Ratios	Q3'2025	Q3'2026	% point change
Loan to Deposit ratio	73.6%	71.0%	(2.6%)
Government securities to deposits ratio	29.2%	30.8%	1.6%
Return on average equity	19.9%	21.2%	1.3%
Return on average assets	2.8%	2.8%	0.1%

Income Statement	Q3'2025 (Kshs bn)	Q3'2026 (Kshs bn)	y/y change
Net interest Income	20.5	23.0	12.1%
Non-interest income	7.8	7.3	(6.2%)
Total Operating income	**28.3**	**30.3**	**7.1%**
Loan loss provision	(2.5)	(1.7)	(32.8%)
Other Operating expenses	(12.9)	(14.1)	9.3%
Total Operating expenses	**(15.4)**	**(15.8)**	**2.5%**
Profit before tax	12.9	14.5	12.5%
Profit after tax	**9.4**	**10.3**	**10.0%**
Core EPS	**23.7**	**26.1**	**10.0%**

Income Statement Ratios	Q3'2025	Q3'2026	% points change
Yield from interest-earning assets	11.1%	10.1%	(1.0%)
Cost of funding	4.5%	3.7%	(0.8%)
Net Interest Margin	6.3%	5.8%	(0.5%)
Net Interest Income as % of operating income	72.4%	75.8%	3.4%
Non-Funded Income as a % of operating income	27.6%	24.2%	(3.4%)
Cost to Income Ratio	54.5%	52.1%	(2.3%)
CIR without LLP	45.6%	46.6%	1.0%
Cost to Assets	2.7%	2.5%	(0.2%)

Capital Adequacy Ratios	Q3'2025	Q3'2026	% points change
Core Capital/Total Liabilities	17.3%	16.2%	(1.1%)
Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	**9.3%**	**8.2%**	**(1.1%)**
Core Capital/Total Risk Weighted Assets	14.3%	13.8%	(0.5%)
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	**3.8%**	**3.3%**	**(0.5%)**
Total Capital/Total Risk Weighted Assets	17.9%	16.5%	(1.4%)
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	**3.4%**	**2.0%**	**(1.4%)**
Liquidity Ratio	49.0%	50.8%	1.8%
Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	**29.0%**	**30.8%**	**1.8%**

Income Statement

- Core earnings per share increased by 10.0% to Kshs 26.1 from Kshs 23.7 recorded in Q3'2025, mainly driven by the 7.1% increase in total operating income to Kshs 30.3 bn, from Kshs 28.3 bn in Q3'2025, however, this was weighed down by the 2.5% increase in total operating expense to Kshs 15.8 bn, from Kshs 15.4 bn in Q3'2025
- The 7.1% increase in Total Operating Income was driven by a 12.1% increase in Net Interest Income to Kshs 23.0 bn in Q3'2026, from Kshs 20.5 bn in Q3'2025. The performance was however, weighed down by the 6.2% decrease in Non-Interest Income to Kshs 7.3 bn in Q3'2026, from Kshs 7.8 bn in Q3'2025.
- Interest income increased by 10.5% to Kshs 35.5 bn from Kshs 32.1 bn in Q3'2025, mainly driven by a 61.2% increase in interest income from placements with banking institutions to Kshs 4.9 bn, from Kshs 3.1 bn in Q3'2025, coupled with a 15.2% increase in interest income from government securities to Kshs 9.9 bn, from Kshs 8.6 bn in Q3'2025, which was weighed down by the 2.0% decrease in interest income from loans and advances to Kshs 19.9 bn from Kshs 20.3 bn in Q3'2025. As such, the Yield on Interest-Earning Assets (YIEA) decreased by 1.0% points to 10.1% from 11.1% recorded in Q3'2025, attributable to the 2.4% increase in trailing interest income to Kshs 46.7 bn, from Kshs 45.6 bn in Q3'2025, which was outpaced by a 12.2% increase in average interest earning assets to Kshs 461.6 bn, from Kshs 410.9 bn in Q3'2025,
- Interest expenses increased by 7.7% to Kshs 12.5 bn from Kshs 11.6 bn in Q3'2025, mainly driven by a 12.2% increase in interest expenses on customer deposits to Kshs 9.6 bn from Kshs 8.5 bn in Q3'2025 which was however slowed down by a 39.0% decrease in interest expense on placements to Kshs 0.3 bn from Kshs 0.6 bn in Q3'2025. Consequently, Cost of funds (COF) decreased by 0.8% points to 3.7% from 4.5% recorded in Q3'2025, owing to a 9.3% decrease in trailing interest expense to Kshs 15.6 bn from Kshs 17.2 bn recorded in Q3'2025, compared to a 9.8% increase in average interest-bearing liabilities to Kshs 423.4 bn from Kshs 385.4 bn in Q3'2025. Trailing interest expense refers to the performance of the interest expense for the past 12 consecutive months. Net Interest Margin (NIM) decreased by 0.5% points to 5.8% from 6.3% in Q3'2025, attributable to a 2.7% increase in trailing interest income to Kshs 26.6 bn from Kshs 25.9 bn recorded in Q3'2025, which was outpaced by the 12.2% increase in average interest earning assets to Kshs 461.6 bn in Q3'2026 from Kshs 410.9 bn in Q3'2025,

- Non-Funded Income (NFI) decreased by 6.2% to Kshs 7.3 bn from Kshs 7.8 bn in Q3'2025, mainly driven by an 8.1% decrease in foreign exchange income to Kshs 2.9 bn, from Kshs 3.1 bn in Q3'2025, however this was supported by a 16.9% increase in fees and commissions to Kshs 4.2 bn in Q3'2026 from Kshs 3.6 bn in Q3'2025. The revenue mix shifted to 76:24, from 72:28 for the funded to Non-funded income owing to the 12.1% increase in Funded Income, compared with the 6.2% decrease in the Non-Funded Income,
- Total operating expense increased by 2.5% to Kshs 15.8 bn in Q3'2026, from Kshs 15.4 bn in Q3'2025, mainly attributable to a 9.3% increase in operating expenses excluding LLP to Kshs 14.1 bn from Kshs 12.9 bn, of which staff costs rose 5.6% to Kshs 7.1 bn, partly offset by the 32.8% decrease in loan loss provision to Kshs 1.7 bn from Kshs 2.5 bn in Q3'2025.
- Cost to Income Ratio (CIR) decreased by 2.3% points to 52.1% from 54.5% in Q3'2025, owing to the 2.5% increase in total operating expenses to Kshs 15.8 bn in Q3'2026 from Kshs 15.4 bn in Q3'2025, compared to the faster 7.1% increase in total operating income to Kshs 30.3 bn in Q3'2026 from Kshs 28.3 bn in Q3'2025. Notably, CIR without LLP increased by 1.0% points to 46.6% in Q3'2026, from 45.6% recorded in Q3'2025,
- Profit before tax increased by 12.5% to Kshs 14.5 bn, from Kshs 12.9 bn recorded in Q3'2025, with effective tax rate increasing by 1.7% points to 28.9% in Q3'2026, from 27.2% in Q3'2025, leading to a 10.0% increase in profit after tax to Kshs 10.3 bn in Q3'2026, from Kshs 9.4 bn in Q3'2025.
- The board did not recommend an interim dividend for Q3'2026, consistent with a similar period in Q3'2025

Balance Sheet

- The balance sheet recorded an expansion as total assets increased by 18.7% to Kshs 565.2 bn, from Kshs476.2 bn in Q3'2025, mainly driven by a 16.2% increase in net loans and advances to customers to Kshs 294.3 bn, from Kshs 253.1 bn in Q3'2025. Government securities increased by 27.2% to Kshs 127.8 bn, from Kshs 100.4 bn in Q3'2025. Total liabilities increased by 20.2% to Kshs 493.2 bn from Kshs 410.3 bn in Q3'2025, mainly driven by a 20.6% increase in customer deposits to Kshs 414.6 bn, from Kshs 343.9 bn in Q3'2025, partly offset by a 0.8% decrease in borrowings to Kshs 18.7 bn, from Kshs 18.9 bn in Q3'2025. With 30 branches similar to Q3'2025, deposits per branch increased 20.6% to Kshs 13.8 bn, from Kshs 11.5 bn in Q3'2025,
- The 20.6% increase in customer deposits, compared to the 16.2% increase in net loans led to a decrease in the loan to deposits ratio by 2.6% points to 71.0%, from 73.6% in Q3'2025,
- The bank's Asset Quality improved, with Gross NPL ratio decreasing by 1.8% points to 6.6% in Q3'2026, from 8.4% in Q3'2025, attributable to a 9.7% decrease in Gross non-performing loans to Kshs 20.6 bn, from Kshs 22.8 bn in Q3'2025, relative to the 14.7% increase in gross loans to Kshs 312.1 bn, from Kshs 272.1 bn recorded in Q3'2025,
- General Provisions (LLP) decreased by 15.5% to Kshs 10.5 bn in Q3'2026 from Kshs 12.4 bn in Q3'2025. The NPL coverage increased by 3.4% points to 86.6% in Q3'2026, from 83.2% in Q3'2025, as the 9.7% decrease in gross non-performing loans outpaced the 6.0% decrease in general provisions and interest in suspense combined (general provisions down 15.5% to Kshs 10.5 bn from Kshs 12.4 bn, while interest in suspense increased by 11.9% to Kshs 7.3 bn from Kshs 6.6 bn in Q3'2025).
- Shareholders' funds increased by 9.3% to Kshs 72.1 bn in Q3'2026, from Kshs 65.9 bn in Q3'2025, attributable to the 13.2% increase in retained earnings to Kshs 68.1 bn, from Kshs 60.2 bn in Q3'2025,
- Stanbic Bank remains well-capitalized with a core capital to risk-weighted assets ratio of 13.8%, 3.3% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 16.5%, exceeding the statutory requirement of 14.5% by 2.0% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 2.8%, and a Return on Average Equity (ROaE) of 21.2%.

Key Take-Outs:

1. **Increased earnings -** Core earnings per share increased by 10.0% to Kshs 26.1 from Kshs 23.7 recorded in Q3'2025, mainly driven by the 7.1% increase in total operating income to Kshs 30.3 bn, from Kshs 28.3 bn in Q3'2025, which outpaced the 2.5% increase in total operating expense to Kshs 15.8 bn, from Kshs 15.4 bn in Q3'2025.
2. **Improved asset quality –** The bank's Asset Quality improved, with Gross NPL ratio decreasing by 1.8% points to 6.6% in Q3'2026, from 8.4% in Q3'2025, attributable to a 9.7% decrease in Gross non-performing loans to Kshs 20.6 bn, from Kshs 22.8 bn in Q3'2025, relative to the 14.7% increase in gross loans to Kshs 312.1 bn, from Kshs 272.1 bn recorded in Q3'2025,
3. **Expanded Balance sheet** - The balance sheet recorded an expansion as total assets increased by 18.7% to Kshs 565.2 bn, from Kshs 476.2 bn in Q3'2025, mainly driven by a 16.2% increase in net loans and advances to customers to Kshs 294.3 bn, from 253.1 bn in Q3'2025. Government securities increased by 27.2% to Kshs 127.8 bn, from Kshs 100.4 bn in Q3'2025.
4. **Dividend declaration** - The board did not recommend an interim dividend for Q3'2026, consistent with a similar period in Q3'2025

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 16.2% to Kshs 294.3 bn, from Kshs 253.1 bn in Q3'2025 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 an "Accumulate" with a target price of Kshs 322.9 representing an upside of 15.4% from the current price of 279.75 as of 20th November 2026.
- Stanbic Bank is currently trading at a P/TBV of 1.6x and a P/E of 8.1x vs an industry average of 1.2x and 6.4x respectively.