

Below is a summary of Standard Chartered Bank Ltd Q3'2025 performance:

Balance Sheet Items	Q3'2024	Q3'2025	y/y change
Net loans	151.3	146.4	(3.2%)
Government Securities	68.1	106.2	55.9%
Total Assets	370.9	384.4	3.6%
Customer Deposits	284.4	283.4	(0.3%)
Deposits per Branch	11.4	12.9	13.2%
Total Liabilities	304.4	320.7	5.3%
Shareholder's Funds	66.5	63.8	(4.1%)

Balance Sheet Ratios	Q3'2024	Q3'2025	y/y change
Loan to deposit ratio	53.2%	51.7%	(1.5%)
Government securities to deposit ratio	23.9%	37.5%	13.5%
Return on Average Equity	31.6%	21.5%	(10.1%)
Return on Average Assets	5.4%	3.7%	(1.7%)

Income Statement	Q3'2024	Q3'2025	y/y change
Net Interest Income	24.8	22.3	(10.3%)
Net non-Interest Income	14.2	10.2	(28.6%)
Total Operating income	39.1	32.4	(17.0%)
Loan Loss provision	2.0	1.7	(10.9%)
Total Operating expenses	16.6	19.2	15.8%
Profit before tax	22.5	13.2	(41.2%)
Profit after tax	15.8	9.8	(38.2%)
Core EPS	41.9	25.9	(38.2%)

Income Statement Ratios	Q3' 2024	Q3' 2025	% points change
Yield from interest-earning assets	11.8%	10.6%	(1.2%)
Cost of funding	1.7%	1.5%	(0.3%)
Net Interest Spread	10.1%	9.2%	(0.9%)
Net Interest Margin	10.2%	9.3%	(0.9%)
Cost of Risk	5.0%	5.4%	0.4%
Net Interest Income as % of operating income	63.6%	68.7%	5.1%
Non-Funded Income as a % of operating income	36.4%	31.3%	(5.1%)
Cost to Income Ratio	42.5%	59.3%	16.8%
Cost to Income Ratio without LLP	37.5%	53.9%	16.4%
Cost to Assets	4.0%	4.6%	0.7%

Capital Adequacy Ratios	Q3'2024	Q3'2025	% points change
Core Capital/Total Liabilities	20.2%	20.2%	(0.0%)
Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	12.2%	12.2%	(0.0%)
Core Capital/Total Risk Weighted Assets	20.9%	20.6%	(0.4%)
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	10.4%	10.1%	(0.4%)
Total Capital/Total Risk Weighted Assets	21.0%	20.6%	(0.4%)
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	6.5%	6.1%	(0.4%)
Liquidity Ratio	65.4%	66.6%	1.2%
Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	45.4%	46.6%	1.2%

Income Statement

- Core earnings per share decreased by 38.2% to Kshs 25.9 in Q3' 2025, from Kshs 41.9 in Q3' 2024, mainly driven by the 17.0% decrease in total operating income to Kshs 32.4 bn in Q3' 2025, from Kshs 39.1 bn in Q3' 2024, coupled with a 15.8 % increase in total operating expenses to Kshs 19.2 bn in Q3' 2025, from Kshs 16.6 bn in Q3' 2024,
- The 17.0% decline in total operating income was mainly driven by a 28.6% decrease in Non Interest Income to Kshs 10.2 bn in Q3' 2025, from Kshs 14.2 bn in Q3' 2024, coupled with a 10.3% decrease in Net Interest Income (NII) to Kshs 22.3 bn in Q3' 2025, from Kshs 24.8 bn in Q3' 2024,
- Interest income declined by 13.5% to Kshs 25.1 bn in Q3' 2025 from Kshs 29.1 bn in Q3' 2024, mainly driven by a 44.5% decrease in interest income from deposits and placements to Kshs 2.8 bn in Q3' 2025, from Kshs 5.1 bn in Q3' 2024 coupled with a 21.4% decrease in interest income from loans and advances to Kshs 13.6 bn in Q3' 2025 from Kshs 17.3 bn in Q3' 2024. The decline in interest income was however supported by a 30.5% increase in interest income from holdings in government securities to Kshs 8.7 bn in Q3' 2025, from Kshs 6.7 bn in Q3' 2024. The Yield on Interest-Earning Assets (YIEA) decreased by 1.2% points to 10.6% in Q3' 2025 from 11.8% in Q3' 2024 mainly attributable to the 8.1% decrease in trailing interest income to Kshs 34.9 bn in Q3' 2025, from Kshs 38.0 bn in Q3' 2024 coupled with the 1.9% increase in average interest earning assets to Kshs 329.2 bn in Q3' 2025, from Kshs 323.0 bn in Q3' 2024,
- Interest expenses fell by 9.2% to Kshs 2.9 bn in Q3' 2025, from Kshs 3.2 bn in Q3' 2024, mainly driven by 45.8% decrease in interest expense from placements to Kshs 0.2 bn in Q3' 2025, from Kshs 0.3 bn in Q3' 2024, however the decrease was slowed down by a 20.9% increase in interest expense from customer deposits to Kshs 2.7 bn in Q3' 2025 from Kshs 2.2 bn in Q3' 2024. Cost of funds (COF) decreased by 0.3% points to 1.5% in Q3' 2025, from 1.7% recorded in Q3' 2024, owing to a faster 16.6% decrease in Trailing interest expense to Kshs 4.2 bn in Q3' 2025, from Kshs 5.0 bn in Q3' 2024, compared to the 1.6% decrease in average interest bearing liabilities to Kshs 287.2 bn in Q3' 2025 from Kshs 292.0 bn in Q3' 2024. Trailing interest expense refers to the performance of the interest expense for the past 12 consecutive months. Net Interest Margin (NIM) decreased by 0.9% points to 9.3% in Q3' 2025, from 10.2% in Q3' 2024, attributable to the 6.8% decrease in trailing net interest income to Kshs 30.7 bn in Q3' 2025 from Kshs 32.9 bn in Q3' 2024 compared to the 1.9% increase in average total interest earning assets to Kshs 328.5 bn in Q3' 2025 from Kshs 322.3 bn in Q3' 2024.
- Non-Funded Income (NFI) decreased by 28.6% to Kshs 10.2 bn in Q3' 2025 from Kshs 14.2 bn in Q3' 2024, mainly driven by a 58.9% decrease in the foreign exchange trading income to Kshs 2.7 bn in Q3' 2025 from Kshs 6.7 bn in Q3' 2024, highlighting the bank's declined foreign exchange margins. The decline in NFI was further weighed down by the 7.4% decrease in the income from other fees and commissions to Kshs 4.9 bn from Kshs 5.3 bn in Q3' 2024, however it was supported by 7.5% increase in income from fees and commissions to Kshs 0.19 bn in Q3' 2025 from Kshs 0.18 bn in Q3' 2024.
- Total operating expenses increased by 15.8% to Kshs 19.2 bn in Q3' 2025 from Kshs 16.6 bn in Q3' 2024, mainly driven by the 32.1% increase in staff costs to Kshs 9.1 bn in Q3' 2025 from Kshs 6.9 bn in Q3' 2024, however the increase was slowed down by a 10.9% decrease in loan loss provision to Kshs 1.7 bn in Q3' 2025 from Kshs 2.0 bn in Q3' 2024. The decrease in provisioning comes as a result of the 24.8% decrease in gross non-performing loans to Kshs 9.1 bn in Q3' 2025, from Kshs 12.1 bn in Q3' 2024,
- Cost to Income Ratio (CIR) increased by 16.8% points to 59.3% in Q3' 2025 from 42.5% in Q3' 2024, owing to the 15.8% increase in total operating expenses, coupled with the 17.0% decrease in total operating income. Similarly, CIR without LLP increased by 16.4% points to 53.9 % in Q3' 2025 from 37.5% recorded in Q3' 2024, and,
- Profit before tax decreased by 41.2% to Kshs 13.2 bn in Q3' 2025 from Kshs 22.5 bn in Q3' 2024. This can be attributed to the one-off employee past service cost of Kshs 2.7 bn following the Supreme Court ruling on 5th September 2025 and the Retirement Benefits Appeal Tribunal Orders. With effective tax rate decreasing by 3.6% points to 25.9% in Q3' 2025 from 29.5% in Q3' 2024. As such, profit after tax decreased by 38.2% to Kshs 9.8 bn in Q3' 2025, from Kshs 15.8 bn in Q3' 2024.

Balance Sheet

- The balance sheet recorded an expansion as total assets increased by 3.6% to Kshs 384.4 bn, from Kshs 370.9 bn in Q3' 2024, driven by a 55.9% increase in Government securities to Kshs 106.2 bn in Q3' 2025 from Kshs 68.1 bn in Q3'2024, however it was weighed down by a 3.2% decrease in net loans to Kshs 146.4 bn in Q3' 2025, from Kshs 151.3 bn in Q3' 2024,
- Total liabilities increased by 5.3% to Kshs 320.7 bn in Q3' 2025 from Kshs 304.4 bn in Q3'2024. This increase was driven by a 1614.5% increase in placements to Kshs 6.2 bn, from Kshs 0.4 bn in Q3' 2024,
- The loan to deposits ratio decreased 1.5% points to 51.7% in Q3' 2025 from 53.2% in Q3' 2024 attributable to the faster decrease in Net loans by 3.2% to Kshs 146.4 bn in Q3' 2025 from Kshs 151.3 bn which outpaced the 0.3% decrease in Customer Deposits to Kshs 283.4 bn in Q3' 2025 from Kshs 284.4 bn in Q3' 2024.
- The bank's Asset Quality improved, with Gross NPL ratio decreasing to 5.9% in Q3' 2025, from 7.5% in Q3' 2024, attributable to the 24.8% decrease in gross non-performing loans to Kshs 9.1 bn, from Kshs 12.1 bn in Q3' 2024, which outpaced the 4.6% decrease in gross loans to Kshs 154.2 bn, from Kshs 161.6 bn recorded in Q3' 2024,
- General Provisions (LLP) decreased by 28.7% to Kshs 4.2 bn in Q3' 2025 from Kshs 5.9 bn in Q3' 2024. The NPL coverage decreased to 85.1% in Q3' 2025, from 85.3% in Q3'2024, attributable to the 28.7% decline in general provisions to Kshs 4.2 bn, from Kshs 5.9 bn in Q3'2024, which outpaced the 24.8% decrease in gross non-performing loans to Kshs 9.1 bn from Kshs 12.1 bn recorded in Q3' 2024,
- Shareholders' funds decreased by 4.1% to Kshs 63.8 bn in Q3' 2025, from Kshs 66.5 bn in Q3' 2024, attributable to a 5.7% decrease in retained earnings to Kshs 50.5 bn, from Kshs 53.6 bn in Q3' 2024,
- Standard Charteted Bank Kenya Ltd remained capitalized with a Core Capital to Risk-Weighted Assets ratio of 20.6%, 10.1% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 20.6% exceeding the statutory requirement of 14.5% by 6.1% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 3.7%, and a Return on Average Equity (ROaE) of 21.5%.

Key Take-Outs:

1. **Declined earnings growth** - Core earnings per share decreased by 38.2% to Kshs 25.9 in Q3' 2025, from Kshs 41.9 in Q3'2024, mainly driven by the 17.0% decrease in total operating income to Kshs 32.4 bn in Q3' 2025, from Kshs 39.1 bn in Q3' 2024, coupled with the 15.8% increase in total operating expenses to Kshs 19.2 bn in Q3' 2025, from Kshs 16.6 bn in Q3'2024
2. **Improved asset quality** – The bank's Asset Quality improved, with Gross NPL ratio decreasing to 5.9% in Q3' 2025, from 7.5% in Q3' 2024, attributable to the 24.8% decrease in gross non-performing loans to Kshs 9.1 bn, from Kshs 12.1 bn in Q3' 2024, which outpaced the 4.6% decrease in gross loans to Kshs 154.2 bn, from Kshs 161.6 bn recorded in Q3' 2024, and,
3. **Increased Lending** – The bank's loan book decreased by 4.6% to Kshs 154.2 bn from Kshs 161.6 bn in Q3'2024,.
4. **Declaration of dividends**- The board of directors did not declare an interim dividend for the period, consistent with Q3' 2024.

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 a "Buy" with a target price of Kshs 360.0 representing an

upside of 25.2%, from the current price of Kshs 287.5 as of 28th November 2025.

- Standard Chartered Bank Kenya is currently trading at a P/TBV of 1.8x and a P/E of 6.1x vs an industry average of 1.0x and 4.7x respectively.