Standard Chartered Bank Kenya Ltd– Q3'2026

20th November 2026

Below is a summary of Standard Chartered Bank Kenya Ltd Q3'2026 performance:

Balance Sheet Items	Q3'2025 (Kshs bn)	Q3'2026 (Kshs bn)	y/y change
Net loans	146.4	179.6	22.7%
Government Securities	106.2	89.7	(15.5%)
Total Assets	**384.4**	**428.5**	**11.5%**
Customer Deposits	283.4	335.1	18.2%
Deposits per Branch	11.3	15.2	34.4%
Total Liabilities	**320.7**	**364.3**	**13.6%**
Shareholders' Funds	**63.8**	**64.2**	**0.7%**

Balance Sheet Ratios	Q3'2025	Q3'2026	% points change
Loan to deposit ratio	51.7%	53.6%	2.0%
Government securities to deposit ratio	37.5%	26.8%	(10.7%)
Return on Average Equity	21.5%	30.3%	8.8%
Return on Average Assets	3.7%	4.8%	1.1%

Income Statement	Q3'2025 (Kshs bn)	Q3'2026 (Kshs bn)	y/y change
Net Interest Income	22.3	18.2	(18.4%)
Net non-Interest Income	10.2	12.4	22.0%
Total Operating income	**32.4**	**30.6**	**(5.8%)**
Loan Loss provision	1.7	0.7	(61.6%)
Staff Costs	9.1	7.5	(18.1%)
Other Operating expenses	8.4	7.6	(9.6%)
Total Operating expenses	**19.2**	**15.7**	**(18.3%)**
Profit before tax	13.2	14.9	12.5%
Profit after tax	**9.8**	**10.5**	**7.4%**
Core EPS	**25.9**	**27.8**	**7.4%**

Income Statement Ratios	Q3'2025	Q3'2026	% points change
Yield from interest-earning assets	10.5%	8.1%	(2.4%)
Cost of funding	1.4%	1.3%	(0.1%)
Net Interest Spread	9.1%	6.8%	(2.2%)
Net Interest Margin	9.2%	6.9%	(2.3%)
Cost of Risk	5.4%	2.2%	(3.2%)
Net Interest Income as % of operating income	68.7%	59.5%	(9.2%)
Non-Funded Income as a % of operating income	31.3%	40.5%	9.2%
Cost to Income Ratio	59.3%	51.4%	(7.9%)
Cost to Income Ratio without LLP	53.9%	49.2%	(4.7%)
Cost to Assets	4.6%	3.7%	(0.9%)

Capital Adequacy Ratios	Q3'2025	Q3'2026	% points change
Core Capital/Total Liabilities	20.2%	17.4%	(2.9%)
Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	**12.2%**	**9.4%**	(2.9%)
Core Capital/Total Risk Weighted Assets	20.6%	18.0%	(2.6%)
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	**10.1%**	**7.5%**	**(2.6%)**
Total Capital/Total Risk Weighted Assets	20.6%	18.1%	(2.5%)
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	**6.1%**	**3.6%**	**(2.5%)**

Liquidity Ratio	66.6%	61.8%	(4.8%)
Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	**46.6%**	**41.8%**	**(4.8%)**

Income Statement

- Core earnings per share increased by 7.4% to Kshs 27.8 in Q3'2026, from Kshs 25.9 in Q3'2025, driven by the 18.3% decrease in Total Operating expenses to Kshs 15.7 bn in Q3'2026, from Kshs 19.2 bn in Q3'2025, however, it was weighed down by a 5.8% decrease in Total Operating income to Kshs 30.6 bn in Q3'2026, from Kshs 32.4 bn in Q3'2025,
- The 5.8% decline in total operating income was mainly driven by an 18.4% decrease in Net Interest Income to Kshs 18.2 bn in Q3'2026, from Kshs 22.3 bn in Q3'2025. However, the overall performance was supported by 22.0% increase in Non-Funded Income (NFI) to Kshs 12.4 bn in Q3'2026 from Kshs 10.2 bn in Q3'2025,
- Interest income declined by 15.1% to Kshs 21.4 bn in Q3'2026 from Kshs 25.1 bn in Q3'2025, mainly driven by a 33.9% decrease in interest income from holdings in Government Securities to Kshs 5.8 bn in Q3'2026, from Kshs 8.7 bn in Q3'2025 coupled with a 9.8% decrease in interest income from Loans and advances to Kshs 12.3 bn in Q3'2026 from Kshs 13.6 bn in Q3'2025. The interest income performance was however supported by an 18.0% increase in interest income from placements to Kshs 3.3 bn in Q3'2026, from Kshs 2.8 bn in Q3'2025. The Yield on Interest-Earning Assets (YIEA) decreased by 2.4% points to 8.1% in Q3'2026 from 10.5% in Q3'2025 mainly attributable to the 16.8% decrease in trailing interest income to Kshs 29.0 bn in Q3'2026, from Kshs 34.9 bn in Q3'2025, compared to a 7.6% increase in average interest earning assets to Kshs 357.9 bn from Kshs 332.7 bn in Q3'2025.
- Interest expenses increased by 11.1% to Kshs 3.2 bn in Q3'2026, from Kshs 2.9 bn in Q3'2025, mainly driven by 148.7% increase in interest expense from placements to Kshs 0.4 bn in Q3'2026, from Kshs 0.1 bn in Q3'2025, coupled with increase in Interest expense from customer deposits by 4.3% to Kshs 2.8 bn In Q3'2026 from Kshs 2.7 bn recorded in Q3'2025. Cost of funds (COF) decreased by 0.1% points to 1.3% in Q3'2026, from 1.4% recorded in Q3'2025, the decrease was supported by 11.3% increase in average interest bearing liabilities to Kshs 330.6 bn in Q3'2026, from Kshs 296.9 bn in Q3'2025, which outpaced the 1.2% increase in trailing interest expense to Kshs 4.3 bn in Q3'2026 from Kshs 4.2 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 2.3% points to 6.9% in Q3'2026, from 9.2% in Q3'2025, attributable to the 19.3% decrease in trailing net interest income to Kshs 24.8 bn in Q3'2026 from kshs 30.7 bn in Q3'2025, compared to a 7.6% increase in average total interest earning assets to Kshs 357.9 bn in Q3'2026 from Kshs 332.7 bn in Q3'2025.
- Non-Funded Income (NFI) increased by 22.0% to Kshs 12.4 bn in Q3'2026 from Kshs 10.2 bn in Q3'2025, mainly driven by a 25.0% increase in fees and commissions income to Kshs 6.4 bn in Q3'2026 from Kshs 5.1 bn in Q3'2025 coupled with 20.2% increase in fx income to Kshs 3.3 bn in Q3'2026 from Kshs 2.7 bn in Q3'2025.
- Total operating expenses decreased by 18.3% to Kshs 15.7 bn in Q3'2026 from Kshs 19.2 bn in Q3'2025, mainly driven by the 18.1% decrease in staff costs to Kshs 7.5 bn in Q3'2026 from Kshs 9.1 bn in Q3'2025, coupled with the 61.6% decrease in loan loss provision to Kshs 0.7 bn in Q3'2026 from Kshs 1.7bn in Q3'2025..
- Cost to Income Ratio (CIR) decreased by 7.9% points to 51.4% in Q3'2026 from 59.3% in Q3'2025, driven by 18.3% decrease in total operating expenses, which outpaced the 5.8% decrease in total operating income. Similarly, CIR without LLP decreased by 4.7% points to 49.2% in Q3'2026 from 53.9% recorded in Q3'2025, and,
- Profit before tax increased by 12.5% to Kshs 14.9 bn in Q3'2026 from Kshs 13.2 bn in Q3'2025, with effective tax rate increasing to 29.3% in Q3'2026, from 25.9% in Q3'2025. As such, profit after tax increased by 7.4% to Kshs 10.5 bn in Q3'2026, from kshs 9.8 bn in Q3'2025.

Balance Sheet

- The balance sheet recorded an expansion as total assets increased by 11.5% to Kshs 428.5 bn, from Kshs 384.4 bn in Q3'2025, driven by a 22.7% increase in net loans to Kshs 179.6 bn in Q3'2026 from Kshs 146.4 bn in Q3'2025, however, the performance was weighed down by a 15.5% decrease in Government securities to Kshs 89.7 bn in Q3'2026 from Kshs 106.2 bn in Q3'2025.
- Total liabilities increased by 13.6% to Kshs 364.3bn in Q3'2026 from Kshs 320.7 bn in Q3'2025. This increase was driven by an 18.2% increase in customer deposits to Kshs 335.1 bn from Kshs 283.4 bn in Q3'2025.
- The loan to deposits ratio increased 2.0% points to 53.6% in Q3'2026 from 51.7% in Q3'2025 attributable to the 22.7% increase in net loans to Kshs 179.6 bn in Q3'2026 from Kshs 146.4 bn in Q3'2025, which outpaced the 18.2% increase in customer deposits to Kshs 335.1bn from Kshs 283.4 bn in Q3'2025.
- The bank's Asset Quality improved, with Gross NPL ratio decreasing by 1.2% points to 4.7% in Q3'2026, from 5.9% in Q3'2025, attributable to the 2.8% decrease in gross non-performing loans to Kshs 8.9 bn, from Kshs 9.1 bn in Q3'2025, coupled with a 21.4% increase in gross loans to Kshs 187.2 bn, from Kshs 154.2 bn recorded in Q3'2025,
- General Provisions (LLP) decreased by 5.9% to Kshs 4.0 bn in Q3'2026 from Kshs 4.2 bn in Q3'2025. The NPL coverage increased by 0.2% points to 85.3% in Q3'2026, from 85.1% in Q3'2025, attributable to the 2.8% decline in Gross non-performing loans to Kshs 8.9 bn, from Kshs 9.1 bn in Q3'2025, which was faster than the 1.3 % decline in general provisions and interest in suspense combined to Kshs 7.6 bn from Kshs 7.7 bn in Q3'2025.
- Shareholders' funds increased by 0.7% to Kshs 64.2 bn in Q3'2026, from Kshs 63.8 bn in Q3'2025, due to the 2.0% increase in retained earnings to Kshs 51.6 bn, from Kshs 50.5 bn in Q3'2025,
- Standard Chartered Bank Kenya Ltd remained well-capitalized with a Core Capital to Risk-Weighted Assets ratio of 18.0%, 7.5% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 18.1% exceeding the statutory requirement of 14.5% by 3.6% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 4.8%, and a Return on Average Equity (ROaE) of 30.3%.

Key Take-Outs:

1. **Increased earnings growth –** Core earnings per share increased by 7.4% to Kshs 27.8 in Q3'2026, from Kshs 25.9 in Q3'2025, driven by the 18.3% decrease in Total Operating expenses to Kshs 15.7 bn in Q3'2026, from Kshs 19.2 bn in Q3'2025 however, it was weighed down by a 5.8% decrease in Total Operating income to Kshs 30.6 bn in Q3'2026, from Kshs 32.4 bn in Q3'2025,
2. **Improved asset quality –** The bank's Asset Quality improved, with Gross NPL ratio decreasing by 1.2% points to 4.7% in Q3'2026, from 5.9% in Q3'2025, attributable to the 2.8% decrease in gross non-performing loans to Kshs 8.9 bn, from Kshs 9.1 bn in Q3'2025, coupled with a 21.4% increase in gross loans to Kshs 187.2 bn, from Kshs 154.2 bn recorded in Q3'2025, and,
3. **Declaration of dividends-** The Board of Directors did not recommend an interim dividend consistent with Q3'2025.

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

- **Digital transformation -** Going forward, we expect continued growth in the bank's digital transformation efforts, with products such as the SC Shilingi Money Market Fund continuing to contribute to the bank's overall growth. As more customers invest through digital platforms rather than in-branch, we expect the bank's fee and commission income to keep growing going forward.

- **Sustained Tier II Positioning** - Having already reduced its branch network from 42 outlets in 2016 to 22 currently, and cut headcount for eleven consecutive years, we expect the bank to continue narrowing its physical and retail footprint going forward rather than reversing course, consistent with management's stated preference for a leaner, high-margin franchise over broad retail scale. We expect this to translate into continued market share erosion on a pure asset-size basis, likely keeping the bank within the Tier II category for the foreseeable future, even as profitability metrics such as ROaE and cost-to-income continue to improve.

Valuation Summary

- We are of the view that Standard Chartered Bank is a "Hold" with a target price of Kshs 319.1 representing an upside of 3.5%, from the current price of Kshs 308.3 as of 20th November 2026.
- Standard Chartered Bank Kenya is currently trading at a P/TBV of 1.9x and a P/E of 9.4x vs an industry average of 1.2x and 6.4x respectively.