NCBA

INVESTMENT BANKING EARNINGS UPDATE

STANDARD CHARTERED BANK KENYA Q325 EARNINGS UPDATE

Standard Chartered bank Kenya released Q325 results posting a **41%** decrease in PAT to KES 13Bn on account of revenue reduction and a one-off employee past service cost of KES 3Bn the Supreme Court ruling on 5 September 2025 and the Retirement Benefits Appeal Tribunal (RBAT) Orders.

Earnings Per Share dropped to **KES 25.58** from KES 41.60 in the previous financial year.

Despite issuing a profit warning, Standard Chartered Kenya remains well-capitalized, highly liquid, and strategically resilient as reflected in its Q3 2025 results.

Looking ahead, growth is expected to be driven by digital transformation, expanding digital network and a ever growing wealth business. The lender's AUM closed at KES 390Bn up 23% from FY24,

At the current market price of KES 287.50, the stock is trading below its fair value range, with a target price of KES 300. Given the lender's continued dividend payments, Standard Chartered represents a suitable long-term investment opportunity. We recommend a **NEUTRAL** on the stock, with a upside potential of 5%

PERFORMANCE HIGHLIGHTS

- **Earnings:** The bank's operating income decreased by 17% to KES 32Bn.

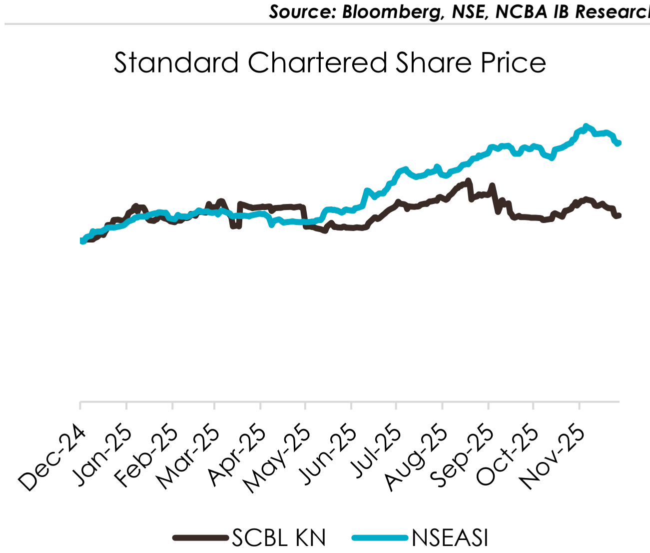
  Net interest income decreased by 10% to KES 22Bn due to a decline in volume growth and margin compression on the back of declining interest rates. The decline has partially been mitigated by lower cost of funds on customer deposits and growth in interest income from government securities.

  Non-interest income decreased by 29% from a decline in transactional volumes and margins in Transaction Services and Markets partially offset by growth in Wealth Solutions. FX income declined by 59% to KES 3Bn driven by lower margins and a relatively stable KES.

- **Loan Book:** The bank's loans and advances decreased by 3% to KES 146Bn due to a decline in transaction services, personal and mortgages loans compared to December 2024.

Share Data	**Standard Chartered**
Ticker	**SCBK KN**
Recommendation	**Neutral**
Current Price (KES)	**287.50**
Target Price (KES)	**300.00**
Upside (Inc. Div. Yield)	**5.00%**
52WK High (KES)	**347.50**
52WK Low (KES)	**134.00**
Market Cap (KES Bn)	**117.98**
P/E	***11.24x***
P/B	***1.70x***
Current Price = VWAP as 28th November 2025	

Source: Bloomberg, NSE, NCBA IB Research



Source: NSE, NCBA IB Research

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- **Customer deposits:** Deposits from customers decreased by 4% to KES 283Bn on account of reduction in customer balances. Funding quality remains high with CASA accounts making up to 97% of total customer deposits.

- **Efficiency:** Expenses were up 19% y/y to KES 19Bn on account of a one-off employee past service cost of KES 3Bn. Underlying expenses increased 1% to fund business growth and digital capabilities.

- **Asset Quality:** Non-performing loans reduced by **25%** to **KES9Bn** primarily driven by recoveries and robust management of the loan book. The NPL ratio improved to **5.87%** lower than the industry average of 17%, indicative of prudent oversight of the loan book.

- **Stable Balance Sheet:** Total assets grew by 4% to KES 384Bn, the balance sheet remains strong, highly liquid and well capitalized. The bank also maintained a strong capital position, with a total capital ratio of 121% and a robust liquidity ratio of 67%, ensuring financial resilience.

Financial Highlights.

Q3 25 Standard Chartered PLC	Key Metrics Y/Y
Loans and Advances	Down by 3% to KES 146Bn
Customer Deposits	Down by 0.3% to KES 283Bn
Government Securities	Up by 56% to KES 106Bn
Net Interest Income	**Down by 10% to KES 22Bn**
Non-Funded Income	**Down by 29% to KES 10Bn**
Forex trading income	Down by 59% to KES 3Bn
Loan Loss Provisions	Down by 11% to KES 1.7Bn
PBT	Down by 41% to KES 13Bn
PAT	**Down by 38% to KES 10Bn**
EPS	Down to KES 25.58 from KES 41.60

Standard Chartered PLC	Key Ratios Y/Y
Loan Deposit ratio	Down to 51.65% from 53.19%
Net Interest Margin	**Down to 5.8% from 6.7%**
Cost to Income	Up to 60% from 42%
NPL Ratio	**Dwon to 5.87% from 7.43%**
Cost of Risk	Up to 1.19% from 1.29%
Current Market Price as at 28/11/25	KES 287.5
P/E	11.24x
P/B	1.70x
Dividend (Q3)	**None**
	Source: Company financials, NCBA IB Research

Outlook

We expect Standard Chartered to record steady growth boosted by:

1. **Revenue Diversification:** The bank is optimizing on its digital capabilities such as mobile platforms, SC Shilingi – an end-to-end digital money market fund among other digital strides will allow the bank to diversify its revenue streams. The bank has made cumulative investments of KES 14.1Bn in digital capability in the last five years as it Continues delivery of best-in-class digital proposition with end-to-end self-serve capabilities.

2. **Improved asset quality:** The NPL ratio of 5.73% lower than the industry average of 17%. This reflects stronger credit management and a healthier loan book, positioning the bank for sustained profitability.

3. **Digitization:** The bank is well-positioned for medium-term growth, anchored on investments in digital, corporate, and wealth management businesses. The rollout of SC Juza in 2024 is expected to broaden financial inclusion and deepen client engagement through flexible short-term lending solutions. Operationally, the bank has reached a **97% digitization rate in retail transactions**, reflecting efficiency improvements and enhanced customer experience.

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