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Stanbic Bank Kenya Earnings Update – 9M 2026

Stanbic's PBT Rises 12.5% as Strong Loan Growth Coincides with Improved Asset Quality

Stanbic Holdings delivered another resilient set of results in 9M26, supported by robust balance-sheet growth, improved asset quality and lower credit impairment charges. We are particularly encouraged by the 16.2% y/y growth in net loans and advances to Kes. 294.27Bn, which was accompanied by a 9.7% decline in gross NPLs to Kes. 20.56Bn, demonstrating that the strong expansion in lending has not come at the expense of asset quality.

Profitability remained on a positive trajectory, with PBT increasing 12.5% y/y to Kes. 14.51Bn, while PAT rose 10.0% to Kes. 10.32Bn. Earnings were supported by a 12.1% increase in net interest income to Kes. 22.99Bn and a 32.8% decline in loan loss provisions to Kes. 1.68Bn, although non-funded income declined by 6.2% to Kes. 7.33Bn. Customer deposits also increased strongly by 20.6% to Kes. 414.62Bn, providing a solid funding base for continued credit expansion.

*While the underlying operating performance remains encouraging, the counter has already recorded significant price appreciation in 2026, limiting the potential upside at current levels. The stronger loan book, improving asset quality and lower credit costs provide a solid foundation for earnings, but the recent rerating suggests that much of this improvement is increasingly reflected in the share price. We therefore maintain our **HOLD** recommendation, while remaining constructive on the Group's underlying fundamentals.*

Recommendation	HOLD
Share Statistics	
Current Price	279.75
3-Month Av	275.61
6 Month Av	280.42
12 Month Av	258.74
52 Week High - High	300.00
52 Week High - Low	147.00
Issued shares Mn	395.32
Market Cap (KES Mn)	110.59
Market Cap (USD Mn)	0.85
P/E	4.62
PB	0.66
9M EPS	60.50

Stanbic Bank Kenya

Income Statement

Total Income: Operating income grew 7.1% y/y to Kes. 30.32Bn from Kes. 28.33Bn, supported by stronger funded income despite weaker non-funded income performance. Net interest income (NII) increased 12.1% y/y to Kes. 22.99Bn from Kes. 20.51Bn, supported by a 10.5% increase in interest income to Kes. 35.52Bn, while interest expense rose 7.7% to Kes. 12.53Bn.

Interest Income growth was supported by higher income from government securities and deposits and placements with banking institutions, which increased by 15.2% and 61.2%, respectively. This offset a 2.0% decline in income from loans and advances to Kes. 19.89Bn, reflecting pressure on lending yields amid the softer interest-rate environment.

Non-Funded Income: NFI declined 6.2% y/y to Kes. 7.33Bn from Kes. 7.82Bn, partly offsetting the stronger performance in funded income.

Operating Expenses: Total operating expenses increased modestly by 2.5% y/y to Kes. 15.81Bn, despite a 32.8% decline in loan loss provisions to Kes. 1.68Bn, reflecting the improvement in asset quality. Excluding provisions, operating expenses increased 9.0% to Kes. 14.13Bn.

As a result, PBT increased 12.5% y/y to Kes. 14.51Bn, while PAT rose 10.0% to Kes. 10.32Bn. EPS similarly improved 10.0% to Kes. 60.50.

Return Performance		
Periods	**Stanbic**	**NASI**
3mtd PriceΔ	4.09%	-0.90%
6mtd PriceΔ	1.08%	16.48%
YTD Δ	41.47%	28.46%
Y/Y Δ	44.20%	27.70%

NII	12.15%
Provisions	-32.64%
Opex	2.48%
Opex Excl. LLPs	9.27%
PBT	12.59%
PAT	10.03%
Loans	16.20%
Investments	36.00%
Deposits	20.6%
Shareholders' Funds	9.30%

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Balance Sheet

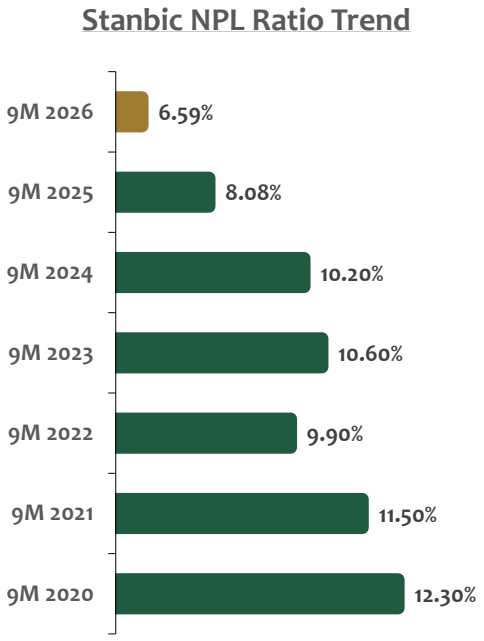
Assets: Stanbic Bank Kenya's balance sheet expanded strongly in 9M26, with total assets growing by 18.7% y/y to Kes. 565.22Bn from Kes. 476.21Bn, supported by robust growth in both government securities and the loan book.

Government Securities increased by 36.0% y/y to Kes. 71.62Bn from Kes. 52.66Bn, reflecting continued allocation towards interest-earning securities.

Meanwhile, **loans and advances** rose by 16.2% y/y to Kes. 294.27Bn from Kes. 253.14Bn, reflecting sustained credit expansion during the period. The strong loan growth was accompanied by improving asset quality, suggesting that the expansion in lending has not come at the expense of credit quality.

Customer Deposits: Customer deposits increased by 20.6% y/y to Kes. 414.62Bn from Kes. 343.85Bn, remaining the primary source of funding growth. Consequently, total liabilities expanded by 20.2% y/y to Kes. 493.16Bn from Kes. 410.30Bn, while the loan-to-deposit ratio eased to approximately 71.0% from 73.6%.

Shareholders' Funds: Shareholders' funds increased by 9.3% y/y to Kes. 72.05Bn from Kes. 65.91Bn, supported by continued earnings retention during the period.



Asset Quality: Asset quality improved significantly, with the NPL ratio declining to 6.59% in 9M26 from 8.08% in 9M25, while gross NPLs declined 9.7% y/y to Kes. 20.56Bn from Kes. 22.76Bn despite the strong expansion in the loan book. Loan loss provisions similarly declined 32.8% y/y to Kes. 1.68Bn, reinforcing the improvement in credit quality during the period.

Key Ratios

- **Yield on interest-earning assets** eased to 10.0% from 10.5%, reflecting pressure on asset yields amid the softer interest-rate environment.
- **Cost of funds** improved to 3.7% from 4.6%, benefiting from the lower interest-rate environment and more efficient funding costs.
- **Cost of risk** declined sharply to 5.6% from 8.8%, consistent with lower loan loss provisions and improving asset quality.
- **Net interest margin (NIM)** moderated to 8.8% from 9.3%, reflecting continued pressure on margins despite the improvement in funding costs.
- **NII contribution** increased to 75.8% from 72.4%, while NFI contribution declined to 24.2% from 27.6%, highlighting greater reliance on funded income.
- **Cost-to-income ratio** improved to 52.1% from 54.5%. However, CIR excluding loan loss provisions edged up to 46.6% from 45.7%, reflecting higher underlying operating costs.
- **Asset quality** improved markedly, with the NPL ratio declining to 6.6% from 8.1%, reinforcing the strong credit-quality performance despite loan-book expansion.
- **Loan-to-deposit ratio** declined to 71.0% from 73.6%, as deposit growth outpaced loan growth, providing additional funding headroom.
- **Profitability** strengthened, with ROAE improving to 20.9% from 20.2%, while ROAA increased marginally to 2.8% from 2.7%.

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Balance Sheet	Q3'2025	H1'2026	Q3'2026	%Δ Y-Y
Investments	52.66	83.64	71.62	36.0%
Loans and Advances	253.14	290.63	294.27	16.2%
Total Assets	**476.21**	**592.40**	**565.22**	**18.7%**
Customer Deposits	343.85	426.66	414.62	20.6%
Borrowing	18.86	18.62	18.71	-0.8%
Total Liabilities	410.30	523.34	493.16	20.2%
Shareholder's Funds	**65.91**	**69.06**	**72.05**	**9.3%**

Income Statement	Q3'2025	H1'2026	Q3'2026	%Δ Y-Y
Interest Income	32.13	23.22	35.52	10.5%
Interest Expense	(11.63)	(8.45)	(12.53)	7.7%
NII	20.50	14.77	22.99	12.2%
NFI	7.82	4.62	7.33	-6.2%
Total Income	**28.32**	**19.38**	**30.32**	**7.1%**
Loan Loss provision	(2.50)	(0.88)	(1.68)	-32.6%
Total Operating expenses	(15.43)	(10.29)	(15.81)	2.5%
Opex excl Provision	(12.93)	(9.41)	(14.13)	9.3%
PBT	**12.89**	**9.09**	**14.51**	**12.6%**
PAT	**9.38**	**6.48**	**10.32**	**10.0%**
EPS	**54.99**	**38.01**	**60.50**	**10.0%**

Ratios	Q3'2025	H1'2026	Q3'2026	pp. Δ Y-Y
Yield from interest-earning assets	10.5%	6.6%	10.0%	-0.5%
Cost of funds	4.6%	3.6%	3.7%	-0.9%
Cost of risk	8.8%	4.5%	5.6%	-3.3%
Net Interest Margin	9.3%	8.4%	8.8%	-0.5%
Net Interest Income as % of operating income	72.4%	76.2%	75.8%	3.4%
Non-Funded Income as a % of operating income	27.6%	23.8%	24.2%	-3.4%
Cost to Income Ratio	54.5%	53.1%	52.1%	-2.3%
CIR without LLP	45.7%	48.5%	46.6%	0.9%
Cost to Assets	2.7%	1.6%	2.5%	-0.2%
NPL Ratio	8.1%	7.3%	6.6%	-1.5%
Loan to Deposit Ratio	73.6%	68.1%	71.0%	-2.6%
Return on average equity	20.2%	20.4%	20.9%	0.7%
Return on average assets	2.7%	2.6%	2.8%	0.0%

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Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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