Standard Chartered Bank Ghana Plc 9M2026 Results

Ghana | 03 November 2026

Current rating: **SELL**

Current Price: **GHS 69.87 | Current Fair Value: GHS 31.45 | Downside: 55.0%**

Core Weakness Catches Up with the Bottom Line

Standard Chartered Bank Ghana (SCB) published its 9M2026 results on 30th October 2026, reporting a 30.3% y/y decline in 9M2026 profit after tax to GHS 354.3mn, as the weakness in core earnings we flagged at 1H2026 finally caught up with the bottom line. With impairment write-backs no longer sufficient to absorb the earnings shock, net earnings trailed our forecast by 15.0%. Top-line performance remained under significant pressure, with interest income declining 30.9% y/y to GHS 623.5mn, 21.0% below our estimate, as the lower interest rate environment and a sharp reduction in the investment securities portfolio compressed asset yields. Interest expense declined 35.6% y/y to GHS 81.9mn, underpinned by a deposit franchise in which current and savings accounts (CASA) make up 80.0% of deposits and low-cost deposits 90.0%. However, this was insufficient to offset the decline in asset yields, and net interest income fell 30.1% y/y to GHS 541.6mn, trailing our forecast by 13.0%. Non-interest income provided no meaningful offset, edging down 0.2% y/y to GHS 613.2mn, as an 18.3% y/y increase in net trading income to GHS 426.2mn was neutralised by a 17.7% y/y decline in net fees and commissions to GHS 188.7mn (5.0% below our forecast) and fair value losses on financial instruments. Consequently, non-interest income's share of total operating income rose to 53.1% (9M2025: 44.2%), a mix shift driven by the contraction in funded income rather than stronger fee generation. Naturally, total operating income fell 16.9% y/y to GHS 1.2bn, 11.0% below our forecast. Operating expenses rose 6.0% y/y to GHS 670.7mn, driven largely by a 6.1% y/y increase in personnel expenses, and against a shrinking revenue base, the cost-to-income ratio deteriorated by 1,256bps y/y to 58.1%. Credit costs once again supported earnings, with the bank recording a net impairment write-back of GHS 74.0mn (9M2025: GHS 36.2mn), although this could not prevent a 29.6% y/y decline in profit before tax to GHS 558.0mn. On the balance sheet, total assets contracted 11.7% y/y to GHS 14.6bn (9M2025: GHS 16.6bn), mirroring a 17.5% y/y decline in customer deposits to GHS 10.5bn (9M2025: GHS 12.7bn). Investment securities nearly halved, falling 48.8% y/y to GHS 2.8bn, while balances due from other banks rose 179.7% y/y to GHS 4.6bn, suggesting a preference for short-dated interbank placements over government securities. Net loans and advances expanded 24.4% y/y to GHS 2.5bn, lifting the loan-to-deposit ratio by 8.2pp to 24.3%, although it remains low relative to the peer average. Shareholders' funds rose a modest 3.1% y/y to GHS 2.5bn, tempered by a significantly higher dividend payout of GHS 673.5mn (9M2025: GHS 227.4mn), while the capital adequacy ratio (CAR) held at 23.1% (9M2025: 23.2%), comfortably above regulatory requirements. On the headline, asset quality remained weak, with the non-performing loan (NPL) ratio rising 150bps y/y to 23.3%. We note, however, that the NPLs are mostly legacy facilities, 99.16% of which are fully accounted for, as reflected in an NPL ratio of just 0.8% excluding the loss category. We therefore do not expect their eventual write-off to result in a material additional impairment charge or significantly affect profitability or the bank's net asset position, as the associated losses have largely been recognised.

Overall, we view SCB's 9M2026 performance as confirmation that the bottom-line resilience reported at 1H2026 was not sustainable. The impairment recoveries and lower tax charge that cushioned earnings in the first half have proven insufficient to offset the sustained erosion in funded income, while flat non-interest income and rising operating costs weighed further on operating efficiency. More fundamentally, the shrinking balance sheet, the planned exit from Wealth and Retail Banking and the redeployment of the proceeds into the Corporate and Investment Banking (CIB) business suggest that SCB is quietly stepping back from the mass market and recasting itself as a leaner, boutique corporate and investment bank built around its traditional strengths. In our view, the pivot is strategically coherent, but it is likely to keep earnings under pressure through the transition.

9M2026 Financial Highlights: Core Pressure Bites.

Income and Margin Performance

- Interest income declined by 30.9% y/y to GHS 623.5mn.
- Interest expense fell by 35.6% y/y to GHS 81.9mn, supported by a c.80.0% CASA base.
- Net interest income declined by 30.1% y/y to GHS 541.6mn.
- Non-interest revenue edged down by 0.2% y/y to GHS 613.2mn.
- Net fees and commissions decreased by 17.7% y/y to GHS 188.7mn.
- Net trading income rose by 18.3% y/y to GHS 426.2mn.
- Total operating income fell by 16.9% y/y to GHS 1.2bn.

Cost and Risk Management

- Net impairment recorded a GHS 74.0mn write-back, up 104.2% from GHS 36.2mn in 9M2025.
- Operating expenses increased by 6.0% y/y to GHS 670.7mn.
- Cost-to-income ratio worsened to 58.1% from 45.5% in 9M2025.

Profitability and Balance Sheet Dynamics

- Profit before tax decreased by 29.6% y/y to GHS 558.0mn, reflecting weaker operating income.
- Profit after tax declined by 30.3% y/y to GHS 354.3mn.
- Total assets contracted by 11.7% y/y to GHS 14.6bn.

- Customer deposits declined by 17.5% y/y to GHS 10.5bn.
- Loans and advances expanded by 24.4% y/y to GHS 2.5bn.
- Investment securities fell by 48.8% y/y to GHS 2.8bn.
- Loan-to-deposit ratio increased by 8.2pp to 24.3%.

Asset Quality and Capital Solvency

- NPL ratio increased to 23.3% (from 21.8% in 9M2025), although 99.16% of NPLs are fully accounted for.
- Capital adequacy ratio eased marginally to 23.1% (from 23.2% in 9M2025).

Investment Thesis

Retreating to the Core: A Boutique CIB in the Making

Revenue Outlook

- We believe SCB's earnings outlook remains challenging, with pressure on core operating income likely to persist into FY2027. We expect funded income to remain constrained by a smaller balance sheet, the sharp reduction in the investment securities portfolio and a still-modest loan book. That said, with headline inflation at 5.2% and trending upwards, and expected to settle within the lower half of the Bank of Ghana's target band, we believe the room for further monetary easing is narrowing, which should slow the pace of decline in asset yields. Meanwhile, the bank's low-cost funding base, with CASA at 80.0% of deposits and low-cost deposits at 90.0%, should continue to anchor funding costs and cushion the net interest margin.
- We expect non-interest income to remain the principal support for total income, led by trading income, given that the CIB business is c.40.0% foreign currency-denominated. However, fees and commissions remain soft, and the exit from Wealth and Retail Banking will remove a portion of the bank's retail-driven fee streams. A durable recovery in non-funded income will therefore hinge on the CIB business, deepening its transaction banking, trade finance and markets revenues.

Strategic Repositioning & Balance Sheet

- Management has stressed that the bank is offloading its Wealth and Retail Banking business to focus on its areas of strength, with the proceeds earmarked for strengthening the CIB business. The sale is expected to take 14–18 months, and the bank intends to retain key customers who can be folded into the CIB business. In our view, SCB appears to have retreated from retail banking and is realigning itself as a boutique bank, one that trades scale for specialisation, with corporate and investment banking firmly at its core.
- The balance sheet already reflects this transition, with total assets contracting 11.7% y/y in line with the 17.5% y/y decline in customer deposits. We expect the balance sheet to shrink further as the retail book is transferred. While a leaner, CIB-focused model could, over time, deliver higher returns on capital, this will depend on the bank's ability to redeploy the divestment proceeds into profitable corporate lending and advisory business. Until the terms of the transaction are disclosed, we expect the transition to weigh on near-term earnings visibility.
- We also note SCB's growing role in sustainable finance, with Standard Chartered supporting the World Bank in issuing a USD200.0mn outcome bond, which raised USD30.5mn to finance cleaner cooking devices in Ghana. We believe such transactions sit naturally within a CIB-led model and could support fee generation from structured and sustainable finance over time.

Asset Quality, Cost & Capital Outlook

- Although the headline NPL ratio rose to 23.3%, we take comfort from the fact that the non-performing book largely comprises legacy facilities, 99.16% of which are fully accounted for. We therefore do not expect their eventual write-off to have a material impact on profitability, while it would bring the headline ratio closer to the Bank of Ghana's 10.0% regulatory threshold.
- We expect operating costs to remain elevated through the transition, as the bank continues to carry the cost base of the retail business until the sale is completed. Consequently, we do not anticipate a meaningful improvement in the cost-to-income ratio until the divestment is concluded and the CIB business is scaled up.
- Overall, we believe SCB's capital and liquidity profile remains a key source of resilience, with a CAR of 23.1% and a liquidity ratio of 99.2%. However, a sustained improvement in earnings will depend on the successful execution of the CIB pivot, a stabilisation in interest income and a recovery in fees and commissions.

Valuation & Recommendation: SELL

- Our SELL rating is based on our weighted average fair value of GHS 31.45 per share (vs GHS 46.29 prior estimate), representing a downside of 55.0% from the current market price of GHS 69.87, using the weighted average prices from our dividend discount (DDM), residual income (RI) and relative valuation models. The 26.3% reduction in our fair value reflects an increase in the risk-free rate to 14.18%, the 30.3% y/y decline in 9M2026 earnings, which also fell short of our forecast, and lower forward earnings estimates as the bank transitions to a leaner, CIB-focused operating model. With the share price broadly unchanged since our 1H2026 update, the wider downside is driven entirely by the lower fair value.
- SCB trades at a TTM P/E of 14.5x and P/B of 3.8x. In our view, the stock continues to trade well ahead of its fair value.

Key Risk

We continue to monitor closely Standard Chartered Bank Ghana's proposed sale of its Wealth and Retail Banking business. Although management has provided greater clarity on the strategic rationale and a 14–18 month timeline, the transaction terms, valuation and the precise use of proceeds are yet to be disclosed. Key risks to our rating include a sale at a valuation that crystallises significant

value for shareholders, a faster-than-expected rebound in interest rates supporting funded income, and stronger-than-anticipated growth in the CIB business.

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