KCB Investment Bank

KCBIB Weekly Markets Report – Week 13 2026

Weekly Market Summary

- Global & regional markets remained under pressure during the week as escalating geopolitical tensions in the Middle East triggered a sharp rise in oil prices, heightening concerns around inflation and energy supply disruptions. This led to a broad risk-off sentiment, with major global indices declining. In response, key central banks, including the Fed, ECB, and BoE, maintained a cautious stance, pausing rate cuts as they reassessed inflation dynamics.

- Locally, the NSE mirrored the global risk-off tone, with a broad-based decline across equities dragging market capitalization down to KES 3.24Tr. Despite the price decline, trading activity picked up significantly, with volumes and turnover rising 92.0% and 133.3% w/w, indicating active repositioning. Foreign investors remained key market participants but sustained net outflows of KES 503.8Mn, reflecting continued offshore risk aversion.

- In the banking sector, FY2025 earnings releases pointed to a mixed but generally resilient performance, supported by lower funding costs and steady balance sheet growth. Dividend declarations remained a standout theme, reinforcing the income appeal of banking stocks, with several counters offering attractive yields and upcoming books closure dates acting as near-term catalysts. Find in the report detailed analysis of the banks' performances.

- On the fixed income side, investor sentiment softened, with Treasury bills recording an undersubscription of 45.5%, signaling cautious participation. Yields continued to trend lower, reflecting accommodative liquidity conditions. Secondary bond market activity also declined, with turnover down 22.6% w/w, indicating reduced trading appetite.

- CBK announced a KES 20.0Bn bond switch targeting holders of FXD1/2016/010 (source bond), which currently has a remaining tenor of 0.3 years, into the FXD1/2018/015 (destination bond) with a remaining duration of 7.1 years.

- From a macro perspective, liquidity conditions remained stable, although slightly tighter, with KESONIA edging up to 8.73%. The Kenyan shilling remained broadly stable at KES 129.75/USD, supported by steady inflows and CBK interventions, while forex reserves remained adequate at USD 14.0Bn (6.0 months import cover).

Bottom Line

- Markets are navigating heightened global uncertainty, with geopolitical risks and inflation concerns driving near-term volatility. While liquidity remains supportive and domestic fundamentals stable, investor sentiment has turned cautious.

- We expect a more selective market environment, where dividend yield, earnings quality, balance sheet strength, and identifiable catalysts will be the primary drivers of returns. Investors should maintain a balanced allocation across equities and fixed income, with a bias toward high-quality, income-generating counters.

A. Equities

WEEK ON WEEK PERFORMANCE – WEEK ENDING 27th March 2026

The equities market recorded downward performance during the week, with key indices closing lower. NASI, NSE 20 and NSE 25 declined by 6.66%, 6.62% and 7.49%, respectively, reflecting broad-based weakness & sell-offs across counters. Consequently, market capitalization declined by 6.66% to KES 3.24Tr, in line with the decline in prices.

Despite the short-term easing, underlying market fundamentals remain supportive. The decline reflects profit-taking, reduced activity, and cautious foreign flows, rather than a shift in the broader trend.

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However, trading activity increased from last week, signaling active market participation. Volumes increased by 92% to 149Mn shares, with equity turnover also Increasing by 133% to KES 4.8Bn W/W. Foreign investor activity remained a key driver of flows, with net outflows of KES 503.76Mn, an increase from the previous week's outflow of KES 354.93Mn.

On the corporate front, the banking earnings season for FY2025 is nearing completion, with most banks having released results and the remainder expected during the week. While the broader market momentum remains intact, we expect a shift toward a more selective market in 2026, where earnings quality, balance sheet strength, valuation discipline, and identifiable catalysts will increasingly drive performance.

Looking ahead, market performance will be increasingly stock-specific, with dividends, earnings delivery, and valuation support remaining the key drivers of investor returns.

Key Weekly Indicators

Indicator	19-Mar-26	27-Mar-26	% Δ
NASI	209.42	195.48	(6.7%)
NSE-20	3661.11	3418.58	(6.6%)
NSE-25	5846.14	5408.24	(7.5%)
Mkt cap, KES Bn	3,472.96	3,241.82	(6.7%)
Shares traded	78,022,154.00	149,716,209.00	91.9%
Equities TO, KES	2,058,948,550.00	4,802,631,322.00	133.3%
Foreign buy, KES	557,649,120.00	934,267,878.00	67.5%
Foreign sell, KES	912,579,962.00	1,438,023,367.00	57.6%
Net flows, KES	(354,930,842.00)	(503,755,488.00)	41.9%

Source: NSE, KCB IB

TOP GAINERS

Security	19-Mar-26	27-Mar-26	% Δ
LIMT	500	514	2.80%
LBTY	9.9	10.05	1.52%
SKL	9.82	9.94	1.22%
KUKZ	423.5	427	0.83%
EGAD	30.5	30.7	0.66%

Source: NSE, KCB IB

TOP LOOSERS

Security	19-Mar-26	27-Mar-26	% Δ
UCHM	2.18	1.84	(15.60%)
FTGH	2.65	2.26	(14.72%)
ABSA	31.8	27.2	(14.47%)
HAFR	1.68	1.47	(12.50%)
HFCK	10.5	9.2	(12.38%)

Source: NSE, KCB IB

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Regional Market Performance

Country	Index	W/W % Δ	YTD % Δ
Kenya	NASI	(6.7%)	4.3%
Uganda	USE ALSI	(3.9%)	20.4%
Tanzania	DARSDSEI	(1.3%)	39.9%
Nigeria	NGXINDX	(0.1%)	28.4%
Ghana	GGSECI	(17.2%)	48.2%
South Africa	JALSH	1.6%	(3.7%)
Egypt	EGX100 EWI	(0.4%)	1.4%

Source: Bloomberg, KCB IB

Global Market Performance

Global Index	Index	W/W % Δ	YTD % Δ
S&P 500	SPX Index	(2.1%)	(7.1%)
MSCI World	MXWO Index	(1.5%)	(5.9%)
Dow Jones Global	W1DOW Index	(1.4%)	(4.8%)
MSCI Emerging Mkts	MXEF Index	(1.8%)	0.5%
MSCI Emerging Frontier	MXFEM Index	0.2%	0.7%
MSCI Europe Index	MXEU Index	0.3%	(3.5%)

Source: Bloomberg, KCB IB

Corporate Actions Highlights

The market continues to be supported by strong dividend declarations, particularly from banking and blue-chip counters, reinforcing the income appeal of equities.

- **High dividend plays:** BAT (KES 60.00), Standard Chartered (KES 23.00), Stanbic (KES 18.55) remain standout yield counters.
- **Banking sector dominance:** KCB, Equity, Co-op, Absa and NCBA continue to anchor dividend payouts, supporting sector attractiveness.
- **Near-term catalysts:** Focus shifts to books closure dates, which are likely to drive short-term positioning and trading activity.

Looking ahead, market performance will be increasingly stock-specific, with dividends, earnings delivery, and valuation support remaining the key drivers of investor returns.

Key Weekly Triggers (Corporate Actions Focus)

- **KCB**'s Books closure on **2nd April** hence expected uptick in positioning ahead of qualification date.
- **Absa Bank & Standard Chartered** – Books closure on **30th April**, Medium-term accumulation plays
- **I&M Group** – Books closure on **16th April**, Near-term dividend capture interest
- **NCBA** – Books closure on **30th April**, Reinforces banking sector dividend theme

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Corporate Actions

Counter	Corporate Action	Amount Declared	Date Announced	Books Closure	Payment Date
EABL	Interim Div	KES 4.00	1/30/2026	2/20/2026	4/30/2026
KPLC	Interim Div	KES 0.30	2/3/2026	2/23/2026	3/27/2026
Safaricom	Interim Div	KES 0.85	2/4/2026	2/25/2026	3/31/2026
BAT	Final Div	KES 60.00	2/27/2026	5/8/2026	6/12/2026
Stanchart	Final Div	KES 23	3/18/2026	4/30/2026	5/21/2026
Absa Bank	Final Div	KES 1.85	3/4/2026	4/30/2026	5/19/2026
Stanbic	Final Div	KES 18.55	3/11/2026	5/15/2026	STA
Liberty	Final Div	KES 0.5	3/11/2026	STA	STA
KCB	Final Div	KES 3.0	3/11/2026	4/2/2026	STA
Equity	Final Div	KES 5.75	3/18/2026	5/22/2026	STA
DTB	Final Div	KES 9.00	3/24/2026	5/22/2026	6/26/2026
Kakuzi	Final Div	KES 16.00	3/25/2026	5/29/2026	6/15/2026
NCBA	Final Div	KES 4.60	3/26/2026	4/30/2026	5/26/2026
Kenya Re	Final Div	KES 0.15	3/27/2026	STA	STA
NSE	Final Div	KES 1,00	3/27/2026	5/21/2026	7/31/2026
I&M	Final Div	KES 2.25	3/25/2026	4/16/2026	5/21/2026
Cooperative	Final Div	KES 1.50	3/19/2026	STA	STA

Source: NSE, KCB IB

Banking Sector FY2025 Earnings Summary
1. I&M Group FY2025 Results: Earnings Snapshot

I&M Group delivered a strong FY2025 performance, with PAT rising 24.5% y/y to KES 19.8Bn. Growth was driven by a 16.0% increase in net interest income (NII) and a 30.8% rise in non-funded income. The expansion in NII was supported by a 23.9% decline in interest expense, with interest expense on customer deposits falling by 24% amid easing rates.

Dividend Update

The bank maintained its dividend track record, declaring a total FY2025 dividend of KES 3.75 per share (Interim: KES 1.5; Final: KES 2.25), up from KES 3.0 in FY2024. This translates to a dividend yield of 7.5% and a payout ratio of 35%, reinforcing its income appeal.

- **Final Dividend**: KES 2.25
- **Books Closure**: 16th April 2026
- **Payment Date**: 21st May 2026

Balance Sheet Trends

- **Loans**: Up 6.5% to KES 306.3Bn, reflecting steady credit growth
- **Deposits**: Up 17.4% to KES 483.9Bn, indicating strong and stable funding

- **Government Securities**: Up 55.5%, as excess liquidity was allocated to risk-free assets to enhance yields

Asset Quality

- NPL Ratio: Improved to 9.6% from 11.5%, remaining below industry levels and reflecting improved credit risk management

Investment View

I&M continues to offer stable returns, supported by its growth and expansion strategy. ROaE of 18% is in line with peers, while valuations of 4.6x P/E and 0.8x P/B remain attractive, indicating a discount to intrinsic value.

We expect continued improvement in dividend payouts, supported by sustained earnings growth. The 7.5% dividend yield provides solid income support.

At current valuations, the counter remains undervalued relative to its fundamentals. With consistent earnings growth, improving asset quality, and reliable dividends, I&M presents a compelling **accumulation** opportunity, particularly for income-focused investors with potential for capital appreciation.

2. DTB Kenya FY2025 Results: Earnings Snapshot

DTB Kenya delivered a strong FY2025 performance, with PAT rising 23.1% y/y to KES 9.4Bn. Growth was driven by a 24.1% increase in net interest income, supported by a 16.3% decline in funding costs and modest 2.8% growth in interest income.

However, earnings were weighed down by a 9.1% decline in non-funded income, mainly due to a sharp 51.9% drop in FX income, though this was cushioned by growth in fees and commissions.

Dividend Update

- **Total DPS**: KES 9.0 (FY2024: KES 7.0)
- **Yield**: 5.8%
- Books Closure: 22 May 2026 | Payment Date: 26 June 2026

Balance Sheet Trends

- **Loans**: Up 13.6% to KES 324.2Bn reflecting strong credit growth
- **Deposits**: Up 13.8% to KES 509.1Bn indicating stable funding base
- **Government Securities**: Up 17.9% to ensure liquidity allocation to low-risk assets

Asset Quality

- **NPL Ratio**: Improved to 11.3% from 12.6%, below industry average an Indication of improving credit risk management and asset quality trends

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Investment View

DTB's FY2025 results highlight improving fundamentals, with a stronger balance sheet, better asset quality, and solid earnings growth, despite some softness in non-funded income. Continued deposit growth and improving margins position the bank for sustained profitability.

The stock trades at a deep discount (P/B: 0.43x), presenting a clear value opportunity. However, this is tempered by subdued returns (ROE: 10.4%), which remain below peer averages and reflect underlying structural constraints.

Recommendation: ACCUMULATE

While the valuation, earnings recovery, and dividend profile support a long-term investment case, the current return profile does not justify an aggressive buy. As such, gradual accumulation is recommended, with upside dependent on improved profitability and execution, which could unlock meaningful rerating potential over time.

3. NCBA Group FY2025 Results: Earnings Snapshot

Performance Overview

NCBA Group delivered a solid FY2025 performance, with PAT rising 7.0% y/y to KES 23.3Bn. Growth was driven by a 27.7% increase in net interest income (NII) and a 3.8% rise in non-funded income. The expansion in NII was supported by a 41.6% decline in interest expense, with interest expense on customer deposits falling by 41.7% amid easing rates. However, NII growth was partly moderated by a 10.0% decline in interest income, mainly due to a 14.6% drop in loan yields.

Dividend Update

The bank maintained its strong dividend track record, declaring a total FY2025 dividend of KES 7.10 per share (Interim: KES 2.5; Final: KES 4.60), up from KES 5.50 in FY2024. This translates to a dividend yield of 8.0% and a payout ratio of 50.0%, reinforcing its income appeal.

- **Final Dividend:** KES 4.60
- **Books Closure:** 30th April 2026
- **Payment Date:** 26th May 2026

Balance Sheet Trends

- **Loans:** Up 5.0% to KES 317.2Bn, reflecting steady credit growth
- **Deposits:** Up 5.9% (stable funding growth)
- **Government Securities:** Up 4.6%

Asset Quality

- **NPL Ratio:** Improved to **10.4% from 11.5%**, remaining below industry levels and reflecting improved credit risk management

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Investment View

The Group's ROE of 20% supports the investment case, while valuations of 6.3x P/E and 1.2x P/B reflect fair trading and normalized profitability, limiting near-term upside. Nonetheless, the 8.0% dividend yield remains attractive, providing solid income support.

Strategically, Nedbank's proposed acquisition of a 66% controlling stake in NCBA through a partial pro-rata offer introduces a new ownership dynamic. The offer is structured as 80% Nedbank shares and 20% cash (cash only for ineligible offshore holders and small allocations). Upon completion, Nedbank would become the controlling shareholder, while NCBA would remain listed with a 34% public free float.

Given current valuations and the recent ease of prices, the stock appears to be trading around fair value, supporting a hold stance. Investors may consider adding on further price weakness. Additionally, considering the proposed Nedbank transaction, investors are advised to maintain positions while closely monitoring regulatory developments and deal progress.

B. FIXED INCOME & MACRO-ECONOMIC REVIEW

Primary Market

Tenor	Amount Offered(KES Bn)	Subscription Rate(%)	Treasury Bills Amount Accepted (Bn)	Acceptance Rate(%)	Average Yield(%)	Yield change(bps)
91	4	64.89%	2.57	99.17%	7.43%	(14.18)
182	10	28.31%	2.83	100.00%	7.83%	(1.07)
364	10	54.90%	5.45	99.30%	8.28%	(6.30)
Overall	**24**	**45.49%**	**10.86**	**99.45%**		

Source: CBK, KCB IB

During the week, Treasury bills recorded subdued investor demand, with an overall subscription rate of 45.49%, indicating broad-based undersubscription across all tenors. The 91-day paper emerged as the preferred tenor, while the 182-day and 364-day papers also remained undersubscribed.

The CBK accepted 99.45% of total bids, reflecting a continued supportive liquidity stance. Yields across all tenors edged lower, consistent with easing rate dynamics.

Yields are expected to remain relatively stable with a gradual easing bias, likely to oscillate around current levels. However, elevated geopolitical risks, particularly through their impact on inflation and global interest rates, could alter the trajectory of yields in the near term.

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April 2026 Bond Switch Offer: FXD1/2016/010 to FXD1/2018/015

Issue	April 2026 Bond Switch Prospectus Source Bond FXD1/2016/010	Destination Bond FXD1/2018/015
Time to Maturity(Yrs)	0.3	7.1
Amount Offered (KES Bn)	20.0Bn	
Period of Sale	23/03/2026 to 13/04/2026	
Auction Date	13/04/2026	
Settlement Date	15/04/2026	
Coupon(%)	15.04%	12.65%
Yield(%)	7.67%	Yield Quoted
Dirty Price(KES)	104.80	Based on Yield Quoted
WHT(%)	10.00%	

Source: KCB IB, CBK

CBK has announced a KES 20.0Bn bond switch targeting holders of FXD1/2016/010 (source bond), which currently has a remaining tenor of 0.3 years, into the FXD1/2018/015 (destination bond) with a remaining duration of 7.1 years.

This switch is designed to ease short-term debt servicing pressures by moving obligations from a near-maturity instrument into a much longer-dated bond.

The initiative aligns with Kenya's broader debt management framework, which prioritizes lengthening maturities, lowering rollover risks, and improving liquidity in benchmark bonds.

Bonds Turnover

Indicator	19-Mar-2026	27-Mar-2026	% Δ
Bonds FV TO, KES Mn	83,118.96	64,367.71	(22.56%)

Source: NSE, KCB IB

The bond market recorded reduced activity, with fixed income turnover declining during the week, reflecting subdued demand for government securities. The bond index declined by 0.80% to 1,192.33.

Liquidity & Currency

Market liquidity remained relatively stable during the week, the average KESONIA rate moving upwards to 8.73% from 8.68%, reflecting slight tightening in overnight conditions. The average weekly interbank volumes increased by 1.5% to KES 13.4Bn from KES 13.2Bn, signaling increased demand for short-term funding among banks during the week.

Currency

The Kenyan shilling remained stable against major world currencies during the week, supported by remittances and CBK activities. The USD/KES pair closed at 129.75 compared to 129.52 the previous week, reflecting slight depreciation in the local currency.

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	Current	YTD (%)	Weekly Perf (%)	W/W Commentary
USD/KES	129.75	(0.54%)	(0.18%)	Depreciated
GBP/KES	173.16	0.46%	(0.39%)	Depreciated
EUR/KES	149.80	1.27%	(0.43%)	Depreciated

Source: CBK, KCB IB

Overall, the shilling is expected to remain range-bound, guided by liquidity levels, corporate demand for dollars, and FX inflow patterns. The DXY increased to 100.15 from 99.23 the previous week, indicating strengthening of the dollar against other currencies.

Forex Reserves Update:

Kenya's forex reserves decreased by 1.9% to USD 14.02Bn, equivalent to 6.0 months of import cover. The current levels remain in line with CBK requirements & the EAC convergence threshold, providing healthy support to the shilling.

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