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KCBIB Weekly Markets Report – Week 12 2026

Weekly Market Summary: Risk-Off Tone Amid Global Uncertainty

- Global tensions in the Middle East continued to escalate during the week, with no clear path to de-escalation. The resulting surge in oil prices has heightened concerns around energy supply disruptions and inflationary pressures. This has triggered a risk-off sentiment across global markets, reflected in declines across major developed market indices. Central banks, including the Fed, ECB, and BoE, have responded cautiously, pausing rate cuts as they assess the evolving inflation outlook, with other jurisdictions likely to follow suit.

- Locally, the NSE was not immune to the global risk-off shift. The equities market recorded a broad-based decline, with NASI (-0.9%), NSE 20 (-0.8%), and NSE 25 (-0.6%) all closing lower w/w. Market capitalization eased to KES 3.47Tr, while trading activity softened significantly, with both volumes and turnover declining. Foreign investors remained key participants but remained net sellers, posting outflows of KES 354.9Mn, reflecting reduced risk appetite.

- In the banking sector, FY2025 earnings releases continued to paint a mixed picture. While some banks delivered strong earnings growth supported by lower funding costs, others faced margin compression and one-off pressures. Dividend declarations remained a key highlight, reinforcing the sector's income appeal. See earnings analysis In the report.

- On the fixed income side, activity remained robust. Treasury bills were heavily oversubscribed (146.9%), with strong preference for shorter tenors, signaling a cautious but liquid market. Bond market turnover also picked up, reflecting sustained demand for government securities.

- Macro fundamentals remain supportive. Kenya's GDP growth improved to 4.9% in Q3'2025, driven by a broad-based recovery across key sectors. Inflation remains contained, while the currency held relatively stable, with the shilling trading at 129.5 against the USD. Forex reserves remain adequate at USD 14.3Bn (6.1 months of import cover), providing a solid external buffer.

- Bottom Line: Markets are navigating a more uncertain global environment, with geopolitical risks and inflation driving near-term volatility. While liquidity remains ample and macro fundamentals supportive, sentiment has turned cautious. Investors should remain selective, focusing on quality names, strong balance sheets, and sustainable earnings, while maintaining a balanced allocation between equities and fixed income.

A. Equities

WEEK ON WEEK PERFORMANCE – WEEK ENDING 19th January 2026

The equities market recorded downward performance during the week, with key indices closing lower. The NASI, NSE 20 and NSE 25 declined by 0.89%, 0.81% and 0.59%, respectively, reflecting broad-based weakness across counters. Consequently, market capitalization eased by 0.89% to KES 3.47Tr, 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.

Trading activity slowed significantly, signaling reduced market participation. Volumes declined by 57.9% to 77.9Mn shares, while equity turnover fell 67.4% to KES 2.1Bn W/W. Foreign investor activity remained a key driver of flows, with net outflows of KES 354.9Mn, albeit moderating from the previous week's outflow of KES 2.6Bn.

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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-2026	13-Mar-2026	% Δ
NASI	209.42	211.31	(0.89%)
NSE-20	3,661.11	3,691.17	(0.81%)
NSE-25	5,846.14	5,880.79	(0.59%)
Mkt cap (KES Bn)	3,472.96	3,504.29	(0.89%)

Source: NSE, KCB IB

Regional Market Performance

Country	Index	W/W % Δ	YTD % Δ
Kenya	NASI	(0.9%)	11.8%
Uganda	USE ALSI	1.7%	25.3%
Tanzania	DARSDSEI	(0.7%)	41.7%
Nigeria	NGXINDX	1.4%	28.5%
Ghana	GGSECI	0.6%	79.0%
South Africa	JALSH	(4.2%)	(5.2%)
Egypt	EGX100 EWI	0.7%	1.9%

Source: Bloomberg, KCB IB

Global Market Performance

Global Index	Index	W/W % Δ	YTD % Δ
S&P 500	SPX Index	(1.9%)	(5.1%)
MSCI World	MXWO Index	(2.0%)	(4.5%)
Dow Jones Global	W1DOW Index	(1.7%)	(3.4%)
MSCI Emerging Mkts	MXEF Index	(0.4%)	2.4%
MSCI Emerging Frontier	MXFEM Index	(1.3%)	0.5%
MSCI Europe Index	MXEU Index	(3.9%)	(3.8%)

Source: Bloomberg, KCB IB

Corporate Actions Highlights

The market continues to witness 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)
- **Banking sector:** Continues to anchor dividend payouts (KCB, Equity, Co-op, Absa)
- **Key near-term catalysts:** Books closure dates for major counters (e.g., KCB, 2nd April; Absa & Stanchart – 30th April)

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

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
Cooperative	Final Div	KES 1.50	3/19/2026	STA	STA

Source: NSE, KCB IB

Banking Sector FY2025 Earnings Summary

1. Co-operative Bank FY2025 Results – Earnings Snapshot

Performance Overview

Co-operative Bank delivered a solid FY2025 performance, with PAT rising 16.9% y/y to KES 29.8Bn. Growth was driven by a 22% increase in net interest income, supported by a 12.8% decline in interest expense amid easing rates. Non-funded income remained largely flat (0.3% drop), slightly moderating overall earnings momentum.

Dividend Update

The bank sustained its strong dividend track record, declaring a total FY2025 dividend of KES 2.5 per share (Interim: KES 1.0; Final: KES 1.5), up from KES 1.5 in FY2024. This translates to an attractive yield of 8.3%, reinforcing its income appeal.

Balance Sheet Trends

- **Loans:** Up 12.6% to KES 421.0Bn, reflecting robust credit growth
- **Deposits:** Up 13.4% to KES 574.2Bn, indicating strong and stable funding
- **Government Securities:** Up 12.6%, as excess liquidity was allocated to risk-free assets to enhance yields

Asset Quality

- **NPL Ratio:** Improved to 15.7% from 17.0%, broadly in line with industry levels. Reflects gradual improvement in credit risk management despite a still-elevated NPL base

Investment View

Co-op Bank continues to offer stable and predictable returns, underpinned by its strong domestic franchise. The stock trades at 1.06x P/B, broadly in line with fair value, supported by a solid ROE of 19.1%.

The 8.3% dividend yield enhances its attractiveness for income-focused investors, while the introduction of an interim dividend signals confidence in sustained earnings and future payout growth.

Recommendation: *ACCUMULATE*. The counter remains well suited for investors seeking stability and income, with room for upside, particularly on price easing and attractive entry points.

2. Standard Chartered Bank Kenya FY2025 Results: Earnings Snapshot

Performance Overview

Standard Chartered Bank Kenya reported a weak FY2025 performance, with PAT declining 38.0% y/y to KES 12.4Bn. The outturn was driven by a 16.5% decline in operating income, reflecting a 13.1% drop in net interest income amid margin compression from lower interest rates, alongside a 23.0% contraction in non-funded income due to weaker transactional volumes.

This was partially offset by a 29.1% reduction in interest expense, supported by lower funding costs on customer deposits. Additionally, earnings were weighed down by a one-off KES 2.6Bn pension-related charge, in line with the earlier profit warning.

Dividend Update

Despite the earnings decline, the bank sustained its strong dividend track record, declaring a total FY2025 dividend of KES 31.0 per share (Interim: KES 8.0; Final: KES 23.0), translating to a yield of 9.4%.

Balance Sheet Trends

- **Loans:** Up 1.8% to KES 154.3Bn, reflecting subdued credit demand
- **Deposits:** Down 4.1% to KES 283.5Bn, indicating softer funding growth
- **Government Securities:** Marginal increase, supporting interest income

Asset Quality

- **NPL Ratio:** Improved to 5.5% from 7.4%, remaining well below industry average
- Reflects prudent risk management and recoveries during the period

Investment View

Standard Chartered remains a high-yield, defensive play, supported by a consistent dividend profile (9.3% yield). However, earnings growth is constrained by its mature business model and one-off items, while valuation remains elevated with P/E of 10.7x & P/B of 2.0x.

We maintain a neutral view on the stock. Investors may continue to hold, supported by its strong dividend yield and defensive income profile, but upside remains limited at current valuations. Profit-taking is advisable for investors already in the money, with scope to re-enter at more attractive levels post books closure.

3. Equity Group Holdings FY2025 Results: Earnings Snippet

Equity Group Holdings Plc delivered a strong FY2025 performance, with PAT rising 54.6% Y/Y to KES 71.9Bn, supported by robust growth in both funded and non-funded income streams.

Net Interest Income grew 16.8% Y/Y to KES 126.9Bn, driven by 24.4% decline in interest expense & 7.9% growth in income from government securities. However, the performance was weighed down by reduced loan yields given the easing interest rate environment. Non-funded income also expanded 6.7% to KES 90.8Bn, reflecting resilience in fee-based revenue.

Overall, the performance was on the back of the efficiency gains with decline in operating expenses and 28.2% decline in loa loss provisions following reduction in gross non-performing loans and improved asset quality.

Consequently, PBT rose 51.7% to KES 92.1Bn, with EPS increasing 54.5% to KES 19.07, underscoring strong earnings momentum.

Balance Sheet Trends

- **Loans and Advances:** Up 7.7% to KES 882.5Bn, reflecting steady credit expansion
- **Customer Deposits:** Up 4.0% to KES 1,455.1Bn, supporting funding stability
- **Government Securities:** Up 11% to KES 335.3Bn, indicating increased allocation to low-risk assets

Asset Quality & Efficiency

- **NPL Ratio:** Improved to 11.5% from 13.6%
- **Cost of Risk:** Declined to 1.6% from 2.3%
- **Cost-to-Income Ratio:** Improved significantly to 51.0% from 58.2%

The improvement in asset quality and lower credit costs highlights strong risk management and a more stable operating environment.

Dividend Update

- **Dividend Per Share:** KES 5.75
- **Dividend Yield:** 7.5%
- **Payout Ratio:** 30.2%

The yield remains attractive relative to the market, supported by strong earnings growth and improved profitability.

Investment View

Equity Group's FY2025 performance was robust, driven by consistent revenue growth, improved margins & lower operating and credit costs.

The stock is currently trading at 0.9x P/B and 4.0x P/E, supported by strong ROaE of 26.4% indicating value relative to earnings strength and sector peers.

Improving asset quality, expanding margins, and disciplined cost control position the bank well for sustained profitability.

4. Absa Bank Kenya FY2025 Results: Earnings Snippet

Overview

Absa Bank Kenya delivered a solid FY2025 performance, with PAT rising 9.7% Y/Y to KES 22.9Bn. Earnings growth was supported by a 12.2% increase in non-interest income and a 31.0% decline in interest expense on customer deposits, reflecting easing market rates. This helped cushion the 6.4% contraction in Net Interest Income amid softer loan yields and subdued credit demand.

The bank maintained its consistent dividend track record, declaring a total FY dividend of **KES 2.05 per share** (Interim: KES 0.20; Final: KES 1.85) from KES 1.75 in 2024. The dividend yield as of yesterday's price is 6%.

Dividend Alert

- **Final Dividend:** KES 1.85 per share
- **Books Closure:** 30th April 2026
- **Payment Date:** 19th May 2026

Balance Sheet Trends

- **Loans:** Up 1.0% to KES 312.2Bn, reflecting muted credit uptake.
- **Deposits:** Up 1.4% to KES 372.4Bn, indicating stable funding growth.
- **Government Securities:** Up 20.7%, as excess liquidity was deployed into risk-free assets amid weak private sector loan demand.

Asset Quality

- **NPL Ratio:** Improved to 11.5% from 12.6%, remaining below industry averages and reflecting comparatively stronger credit risk management.

Investment View

- While earnings remained resilient, underpinned by diversified income streams, reduced expenses and improved credit impairment trends, tight loan yields and subdued credit growth constrained interest income expansion.
- Absa trades at **1.76x P/B**, a modest premium to the sector, supported by a strong **ROE of 22.8%**, reflecting solid profitability and operational efficiency.
- Although not cheap, the valuation remains justified given consistent earnings delivery, balance sheet strength, and dependable dividend payouts.

Recommendation: HOLD
The counter remains suitable for investors prioritizing quality, stability, and income, with limited scope for near-term multiple expansion at current levels.

5. Stanbic Holdings PLC FY2025 Results: Earnings Snapshot

Overview

Stanbic Holdings reported flat earnings in FY2025, with PAT steady at KES 13.7Bn y/y. Growth was constrained by lower Net Interest Income (-1.0%) due to easing interest rates and a 6.4% decline in non-interest income to KES 14.4Bn, mainly from reduced FX margins, partly offset by stronger transaction fees.

Performance was supported by lower funding costs and prudent risk management.

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Dividend Alert

- **Final Dividend:** KES 18.55 per share (FY DPS: KES 22.35, up from KES 20.74 in 2024)
- **Books Closure:** 15 May 2026
- **Dividend Yield:** 8.6%

Balance Sheet Trends

- **Loans (Banks & Customers):** Up 24.4% to KES 366.5Bn, reflecting stronger credit uptake.
- **Deposits (Banks & Customers):** Up 23.5% to KES 418.6Bn, indicating solid funding growth.

Asset Quality

- **NPL Ratio:** Improved to 8.0% from 9.1%, well below the industry average of 15.5%, reflecting strong credit risk management.

Investment View

Earnings remained resilient, supported by diversified income streams, lower expenses, and improved credit impairment trends, although tighter loan yields and lower FX margins weighed on growth. The stock trades at 1.27x P/B, a modest premium to the sector, supported by a stable ROE of 18%.

Recommendation:

Stanbic remains attractive for income-focused investors, with a strong dividend track record. However, limited near-term valuation upside suggests a neutral stance at current levels. The bank remains one of the top dividend payers in the banking sector, supporting its appeal to yield-focused investors.

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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	361.31%	13.44	93.01%	7.57%	0.43
182	10	102.96%	9.84	95.56%	7.84%	(0.58)
364	10	105.12%	5.79	55.10%	8.34%	(13.60)
Overall	**24**	**146.92%**	**29.07**	**82.45%**		

Source: CBK, KCB IB

During the week, T-bills attracted high investor demand, posting an overall oversubscription rate of **146.92%.** The 91-day paper was the preferred tenor, registering a 361.3% oversubscription, with the subscription for 182-day and 364-day papers also registering oversubscription.

The CBK accepted 82.45% of the amount subscribed, in line with its supportive liquidity posture. On yields, all the papers edged lower, except for 91-day which recorded an increase. Overall, yields are expected to remain broadly stable with slow paced easing and continue to oscillate around current levels for the remainder of the year as the market aligns with easing monetary conditions.

Bonds Turnover

Indicator	13-Mar-2026	19-Mar-2026	% Δ
Bonds FV TO, KES Mn	80,946.41	83,118.96	2.68%

Source: NSE, KCB IB

The bond market recorded a pickup in activity, with fixed income turnover rising sharply during the week, reflecting continued demand for government securities. The bond index increased by 0.83% to 1,201.95. This suggests investors are maintaining a balanced stance, rotating into equities for growth while still locking in yields in the fixed income space amid evolving interest rate cooling.

Liquidity & Currency

Market liquidity remained relatively stable during the week, the average KESONIA rate moving upwards to **8.68%** from **8.66%,** reflecting slight tightening in overnight conditions. The average weekly interbank volumes declined significantly by 1.6% to KES 12.0Bn from KES 12.2Bn, signaling reduced 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 129.5 compared to 129.3 the previous week, reflecting slight depreciation in the local currency.

	Current	YTD (%)	Weekly Perf (%)	W/W Commentary
USD/KES	129.52	(0.36%)	(0.17%)	Depreciated
GBP/KES	172.49	0.84%	0.29%	Appreciated
EUR/KES	149.16	1.69%	0.00%	Appreciated

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.

Forex Reserves Update:
Kenya's forex reserves decreased by 1.15% to USD 14.30Bn, equivalent to 6.1 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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