KCB Investment Bank

KCBIB Monthly Stock Picks: April 2026

1. Market Overview

- The equity market has entered a consolidation phase following the strong rally in 2025, with NASI declining 9.8% m/m amid heightened global risk-off sentiment driven by escalating geopolitical tensions in the Middle East. Despite this pullback, the market remains positive YTD (up 4.0%), underscoring the resilience of underlying fundamentals.
- Globally, rising geopolitical risks have triggered a surge in oil prices and safe-haven flows, strengthening the USD and complicating the inflation outlook. Central banks have responded cautiously, pausing rate cuts, which has weighed on global market sentiment.
- Locally, however, macroeconomic conditions remain stable, with a steady shilling, contained inflation, and an accommodative monetary stance.
- FY2025 corporate earnings, particularly within the banking sector, were resilient, supported by lower funding costs, improving asset quality, and solid balance sheet growth. This has translated into strong dividend declarations, reinforcing the equity market's income appeal.
- The market is increasingly valuation-sensitive, with the broad rerating phase largely behind us. As such, this is no longer a "buy everything" environment, but one that requires selectivity and discipline, focusing on companies with strong earnings visibility, solid balance sheets, and sustainable dividend profiles.
- Looking ahead, market performance is expected to be stock-specific, driven by earnings delivery, dividend catalysts, and valuation support. Investors should prioritize high-RaOE counters trading at reasonable valuations, while maintaining exposure to defensive, income-generating stocks.

2. Global & Regional Markets

Global & regional markets remained under pressure during the month as escalating geopolitical tensions in the Middle East triggered a sharp rise in oil prices, heightening concerns around inflation and energy supply disruptions.

Regional Market Performance

Country	Index	M/M % Δ	YTD % Δ
Kenya	NASI	(9.8%)	4.0%
Uganda	USE ALSI	0.9%	19.4%
Tanzania	DARSDSEI	(2.5%)	38.2%
Nigeria	NGXINDX	4.4%	28.6%
Ghana	GGSECI	1.8%	48.9%
South Africa	JALSH	(11.2%)	(1.7%)
Egypt	EGX100 EWI	1.9%	0.5%

Source: Bloomberg, KCB IB

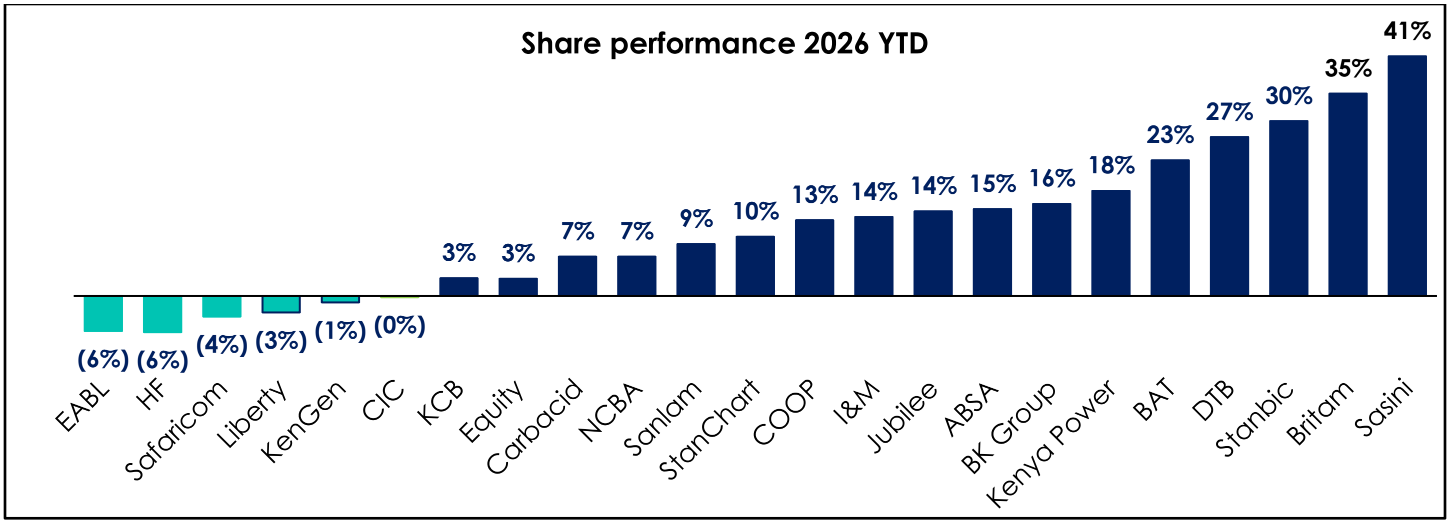
Global Market Performance

Global Index	Index	M/M % Δ	YTD % Δ
S&P 500	SPX Index	(5.1%)	(4.8%)
MSCI World	MXWO Index	(6.6%)	(4.2%)
Dow Jones Global	W1DOW Index	(7.6%)	(3.7%)
MSCI Emerging Mkts	MXEF Index	(13.3%)	(2.3%)
MSCI Emerging Frontier	MXFEM Index	(8.7%)	1.5%
MSCI Europe Index	MXEU Index	(4.4%)	(2.1%)

Source: Bloomberg, KCB IB

3. Local Equities Market

YTD Share Performance



Source: NSE, KCB IB

- The Equity market has experienced broad-based moderation during the month as seen in the share price performance.
- Within the banking sector, DTB emerged as a standout performer, recording a notable rally supported by renewed investor confidence in its growth prospects and ongoing valuation re-rating. In contrast, KCB and Equity registered more moderate price performance, reflecting the impact of foreign investor outflows and increased market uncertainty, given their relatively higher foreign exposure.
- Outside the banking sector, Sasini sustained its strong upward momentum following the KES 7.9Bn land sale, which has significantly improved liquidity expectations and reinforced its long-term growth outlook.

Market Performance

Equity market activity softened in March 2026, with all key indices posting declines on a m/m basis. The NASI, NSE 20, and NSE 25 fell by 9.8%, 8.5%, and 8.9%, respectively, reflecting heightened risk-off sentiment driven by escalating geopolitical tensions. Despite this pullback, the market has maintained a positive trajectory since the beginning of the year, with NASI posting a 4.0% YTD gain, highlighting the resilience of underlying fundamentals.

Large-cap counters, particularly Equity and Safaricom, remained dominant, accounting for 25.9% and 20.0% of total market turnover, respectively.

Actively traded: Equities turnover declined by 21.5% m/m to KES 19.06Bn, amid subdued investor sentiment. Foreign investors remained active but recorded a net outflow of KES 4.28Bn, highlighting continued offshore risk aversion.

Market movers: The bourse saw Equity Group record a turnover of KES 4.77Bn, representing 25.91% of March's total turnover. Other actively traded shares include Safaricom (20.04%) and KCB at 14.15% of turnover, underscoring continued concentration in large-cap counters.

Top gainers: Africa Mega Agricorp (AMAC) was the month's top gainer, having appreciated 20.46% to close at KES 117.45. Other top gainers include Eveready, BK Group and Nation Media Group, posting price gains of 7.08%, 4.10% and 1.40% respectively.

Top losers: Uchumi Holdings was the worst performer, declining by 30.4% m/m to KES 2.04. Other laggards included Kenya Re, Sameer, and HF Group.

Local Market Performance

Indicator	27-Feb-2026	31-Mar-2026	% Δ
NASI	216.08	194.82	(9.8%)
NSE-20	3750.45	3431.56	(8.5%)
NSE-25	5948.29	5416.72	(8.9%)
Mkt cap, KES Bn	3,410.07	3,230.73	(5.3%)
Shares traded	820,180,014.00	630,678,443.00	(23.1%)
Equities TO, KES	24,280,287,856.00	19,067,401,768.00	(21.5%)
Foreign buy, KES	5,646,855,700.00	4,335,891,889.00	(23.2%)
Foreign sell, KES	9,068,524,013.00	8,612,370,573.00	(5.0%)
Net flows, KES	(3,421,668,313.00)	(4,276,478,684.00)	25.0%

Source: NSE, KCB IB

TOP GAINERS

Security	27-Feb-2026	31-Mar-2026	% Δ
AMAC	97.75	117.75	20.46%
EVRD	1.13	1.21	7.08%
BKG	45.1	46.95	4.10%
NMG	14.3	14.5	1.40%
EGAD	30.1	30.3	0.66%

Source: NSE, KCB IB

TOP LOOSERS

Security	27-Feb-2026	31-Mar-2026	% Δ
UCHM	2.93	2.04	(30.38%)
KNRE	3.91	3.13	(19.95%)
SMER	19.8	15.95	(19.44%)
HFCK	11.25	9.38	(16.62%)
KCB	80.25	67.75	(15.58%)

Source: NSE, KCB IB

4. Corporate Actions

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.

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
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
BK Group	Final Div	RWF 53.04	3/30/2026	STA	STA

Source: NSE, KCB IB

5. Fixed Income Market

Bonds primary market: During the month, the Central Bank of Kenya (CBK) announced a KES 20.0Bn bond switch targeting holders of FXD1/2016/010 (with 0.3 years to maturity) into FXD1/2018/015 (7.1 years to maturity). The switch aims to smooth near-term maturities and ease short-term debt servicing pressures by extending the government's debt profile.

Bonds secondary market: Activity in the secondary bond market moderated, with turnover declining by 11.0% m/m to KES 329.46Bn from KES 370.31Bn in February, reflecting reduced trading momentum.

6. Investment View: Stock Recommendations

The market remains constructive but increasingly selective. While the broad rerating phase has largely played out, opportunities persist in fundamentally sound counters trading at reasonable valuations with clear earnings catalysts.

Banking & Key Counters: FY2025 Results Snapshot

- FY2025 earnings across the banking sector reflected resilient performance with moderate dispersion, as most lenders delivered positive profit growth supported by lower funding costs, stable balance sheets, and improving asset quality. This translated into robust dividend declarations, reinforcing the sector's income appeal, with several banks offering attractive yields in the 7–9% range.
- Top-tier banks such as Equity Group, Co-operative Bank, I&M, and DTB recorded solid earnings growth and improving fundamentals, supporting accumulation cases driven by attractive valuations and dividend support. In contrast, Standard Chartered and Stanbic remained defensive, yield-focused plays, with limited upside due to muted earnings growth and relatively elevated valuations. Absa and NCBA continue to trade around fair value, offering strong returns but with more balanced risk-reward profiles.
- Outside banking, BAT Kenya stood out as a high-yield defensive counter, while EABL and Safaricom remain quality long-term plays, albeit with valuation considerations guiding entry points.

Positioning Takeaway: The market is increasingly valuation-sensitive, with a shift toward selective accumulation in undervalued, high-ROaE names, while maintaining exposure to dividend-paying stocks. Following the strong rally in 2025, patience and disciplined entry points remain key as the market transitions into a more selective, fundamentals-driven phase.

Stock	Price (27th Feb 2026)	52-week low	52-week high	EPS	P/B	P/E	BVPS	ROE	Trailing Div	Dividend Yield	Recommendation
Cooperative	27.00	10.10	31.50	5.04	0.96x	5.36x	28.20	**19.10%**	2.50	9.26%	**ACCUMULATE**
Equity	69.00	33.70	80.00	19.07	0.84x	3.62x	82.02	**26.40%**	5.75	8.33%	**BUY**
KCB	67.75	15.00	80.50	20.80	0.66x	3.26x	103.15	**21.92%**	7.00	10.33%	**N/A**
I&M	48.60	15.80	52.00	34.70	0.73x	4.50x	66.18	**17.74%**	3.75	7.72%	**ACCUMULATE**
Stanbic	257.00	90.00	270.00	11.18	1.27x	7.41x	202.75	**20.23%**	22.35	8.70%	**HOLD**
NCBA	90.75	28.50	100.00	14.20	1.17x	6.39x	77.36	**19.73%**	7.10	7.82%	**HOLD**
Stanchart	330.25	134.00	365.00	32.47	1.88x	10.65x	175.51	**18.01%**	31.00	9.39%	**HOLD**
Absa	28.55	10.00	33.00	4.22	1.54x	6.77x	18.51	**24.67%**	2.05	7.18%	**HOLD**
DTB	146.00	43.05	170.00	33.65	0.40x	4.34x	361.60	**10.43%**	9.00	6.16%	**ACCUMULATE**
BAT	565.00	325.00	629.00	52.46	3.65x	10.77x	154.85	**36.50%**	70.00	12.39%	**HOLD**
EABL	251.00	100.00	351.00	11.97	4.69x	20.97x	53.48	**42.60%**	8.00	3.19%	**HOLD**
Safaricom	27.50	11.50	34.10	1.74	6.20x	15.80x	4.44	**49.70%**	1.20	4.36%	**BUY**

Source: NSE, KCB IB

***BUY**: Strong upside potential from current levels supported by earnings growth, valuation rerating, or catalysts. Suitable for aggressive increase of exposure.*

***ACCUMULATE:** Attractive on a medium- to long-term basis. Gradual buying on price weakness is recommended rather than aggressive entry*

***HOLD:** Fairly valued at current levels. Maintain existing positions for dividend income or stability but limited near-term upside.*

***SELL:** Downside risks outweigh the upside potential. Consider reducing exposure and reallocating to better risk-adjusted opportunities.*

Stock Guidance

1. **Equity Group-BUY: Highly quality growth**

- 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.
- The lender declared an increased dividend per share of KES 5.75 translating to dividend yield of 8.33%, which is attractive relative to the market, supported by strong earnings growth and improved profitability.
- FY2025's performance was robust, driven by consistent revenue growth, improved margins & lower operating and credit costs. The stock is currently trading at 0.8x P/B and 3.6x 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.
- The stock is best suited for investors seeking quality, stability, and steady compounding and remains a long-term play.

2. **Standard Chartered Bank-HOLD: Remains a Dividend Anchor**

- 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.
- Despite 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%.
- Standard Chartered remains a high-yield, defensive play, supported by a consistent dividend profile. 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 1.9x.
- Investors may continue to hold the stock, 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.
- Stanchart remains the market's highest dividend payer, offering unmatched income appeal despite elevated valuation.

3. **Co-operative Bank – ACCUMULATE (Defensive Income Play)**

- 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.
- 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 9.3%, reinforcing its income appeal.
- Co-op Bank continues to offer stable and predictable returns, underpinned by its strong domestic franchise. The stock trades at 1.0x P/B, broadly in line with fair value, supported by a solid ROaE of 19.1%.
- The improved 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.
- We recommend **ACCUMULATE**. The counter remains well suited for investors seeking stability and income, with room for upside, particularly on price easing and attractive entry points.

4. **Stanbic Bank – HOLD (Income + Stability)**

- 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.
- The lender maintained its dividend track record declaring a final dividend of KES 18.55 per share (FY DPS: KES 22.35, up from KES 20.74 in 2024).
- 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%.
- 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.

5. **NCBA Group – HOLD**

- NCBA Group delivered a decent 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.
- 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 7.8% and a payout ratio of 50.0%, reinforcing its income appeal.
- The Group's ROaE of 20% supports the investment case, while valuations of 6.4x P/E and 1.2x P/B reflect fair trading and normalized profitability, limiting near-term upside. Nonetheless, the 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.

6. **I&M Holdings – ACCUMULATE (Yield-Supported and potential upside)**

- 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.
- The lender declared 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 7.7% and a payout ratio of 35%, reinforcing its income appeal.
- 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 0.7x P/B remain attractive, indicating a discount to intrinsic value.
- We expect continued improvement in dividend payouts, supported by sustained earnings growth. The 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.

7. Absa Bank Kenya – HOLD (Strong ROE, Slightly expensive)

- 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.
- 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 1.5x 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.
- The counter remains suitable for investors prioritizing quality, stability, and income, with limited scope for near-term multiple expansion at current levels. This positions the stock as **HOLD** for investors prioritizing balance sheet quality, consistent performance and dividend payouts while waiting for the appropriate entry price.

8. DTB – ACCUMULATE

- DTB Kenya delivered a strong FY2025 performance, with PAT up 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. The counter declared dividend per share of KES 9.0 up from KES 7.0, a yield of 6.2%.
- DTB's FY2025 results highlight improving fundamentals, with an improving 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.

Non-Banking Sector:

1. BAT Kenya – HOLD (Premium Yield, Fully Valued)

- BAT reported a 12.5% y/y decline in revenue to KES 35.95Bn in FY25 due to domestic volume pressure. However, strong cost discipline supported a 17.0% rise in PAT to KES 5.25Bn. The proposed dividend of KES 70 per share (up 40% y/y) reinforces its positioning as a high-yield defensive counter and offers a yield of 12.4%, which is one of the best in the market.
- BAT remains a high-quality income generator with higher dividend payout, but valuation is stretched.
- ROE of 36.5% supports premium pricing.

Recommendation: **HOLD**.

- Overall, the stock remains a high-yield defensive counter, well suited for long-term investors seeking stable dividend income with modest capital preservation characteristics. However, following the recent rally, much of the 40% dividend increase appears priced in. At current levels, upside is limited, and we maintain a **HOLD** stance pending a more attractive entry point or new earnings catalysts.

2. EABL – HOLD (Great Business, Stretched valuation)

- HY2026 results recorded an 11.1% net revenue growth driven by 8% volume growth, a resilient brand portfolio, and strong innovation and pricing strategy. PAT surged 37.7% to KES 11.2Bn, supported by revenue growth, operating leverage, efficiency gains, and lower financing costs. Due to the positive performance, the counter declared an interim dividend of KES 4.0 per share, 60% y/y increase.
- However, trading at 21x P/E, the stock is priced higher hence target the right entry price for a buy.
- Trailing dividend yield of 4.0% offers limited support but we anticipate improved dividend payout based on the half year results with an announcement of interim dividend per share of KES 4.0.

Recommendation: **HOLD**.

- Hold as you wait for a meaningful correction before re-entry.

3. Safaricom – BUY (Strategic Compounder)

- Safaricom remains a long-term compounder. The major drag that mutes the performance is the Ethiopian business which is yet to break even and should achieve that by 2027-2028.
- The company increased its interim dividend payment to KES 0.85 per share hence expected increased payout in full year results. Trailing dividend yield remains modest at 4.4% compared to other counters.
- Valuation at 15.8x P/E reflects fair trading status.

Recommendation: **ACCUMULATE**.

- Best suited for long-term investors, not tactical or momentum buyers.

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