Kenya Listed Commercial Banks Review

Cytonn Q1'2026 Banking Sector Report

Digital Momentum and Improving Asset Quality

Cytonn

20th June, 20265

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I. Introduction to Cytonn

About Us

Cytonn Investments is an alternative investment manager, with real estate development capability, and a primary focus on private equity and real estate investments in the high growth Kenyan Region. Cytonn has a unique strategy of coupling two compelling demand areas - the lack of high yielding investment products and the lack of institutional grade real estate. We provide high yielding investment instruments to attract funding from investors, and we deploy that funding to largely pre-sold investment grade real estate. With offices in Kenya and Washington, DC - USA, we are primarily focused on offering alternative investment solutions to global and local institutional investors, individual high net-worth investors, and diaspora investors interested in the East-African region. Real estate investments are made through our development affiliate, Cytonn Real Estate, where we currently have over Kshs. 82 billion (USD 820 mn) of projects under mandate across ten projects. In private equity, we invest in banking, education, and hospitality.

82 Over Kshs. 82 billion worth of projects under mandate

3 Three offices across 2 continents

500 Over 500 staff members, including Cytonn Distribution

10 10 investment ready projects in real estate

A unique franchise differentiated by:

Independence & Investor Focus

Focused on serving the interest of clients, which is best done on an independent platform to minimize conflicts of interest

Alternative Investments

Specialized focus on alternative assets - Real Estate, Private Equity, and Structured Solutions

Strong Alignment

Every staff member is an owner in the firm. When clients do well, the firm does well; and when the firm does well, staff do well

Committed Partners

Strong global and local partnerships in financing, land and Cytonn Real Estate, our development affiliate

Why We Exist

Africa presents an attractive investment opportunity for investors seeking attractive and long-term returns. Despite the alternative markets in Africa having high and stable returns, only a few institutional players serve the market. Cytonn is focused on delivering higher returns in the alternative markets, while providing the best client service and always protecting our clients' interests.

WE SERVE THREE MAIN CLIENT SEGMENTS:

- High Net-worth Individuals through Cytonn Private Wealth. This is done through our captive Distribution Network
- East Africans in the Diaspora through Cytonn Diaspora
- Global and Local Institutional Clients. These clients are served from our Investment & Fundraising Team

WE INVEST OUR CLIENT FUNDS IN:

- Real Estate, and Real Estate Related Businesses
- Private Equity
- Fixed Income Structured Solutions
- Equities Structured Solutions

We collect funds from our clients → **We invest them in high growth opportunities** → **We deliver the best possible returns**

Our Business Structure

Cytonn Investments Management Plc

- **Cytonn Capital Partners** (Private Markets)
  - Private Offers and Real Estate Investments
  - Cytonn Hospitality
  - Superior Homes Kenya
- **Cytonn Asset Managers** (Regulated by CMA & RBA)
  - Unit Trust Funds
  - Pension Fund Management
  - Cytonn Advisory
  - Cytonn Africa Financial Fund
- **Cytonn Real Estate**
  - Research and Deal Origination
  - Project Management
  - Quality Assurance/ Control
  - Cytonn Procurement - Cymatt
  - Cytonn Real Estate Legal
  - Cytonn Properties
  - Cytonn Centre for Affordable Housing
- **Other Strategic Initiatives**
  - Cytonn Distribution
  - East African Forum for Alternative Investments

II. Kenya Economic Review and Outlook

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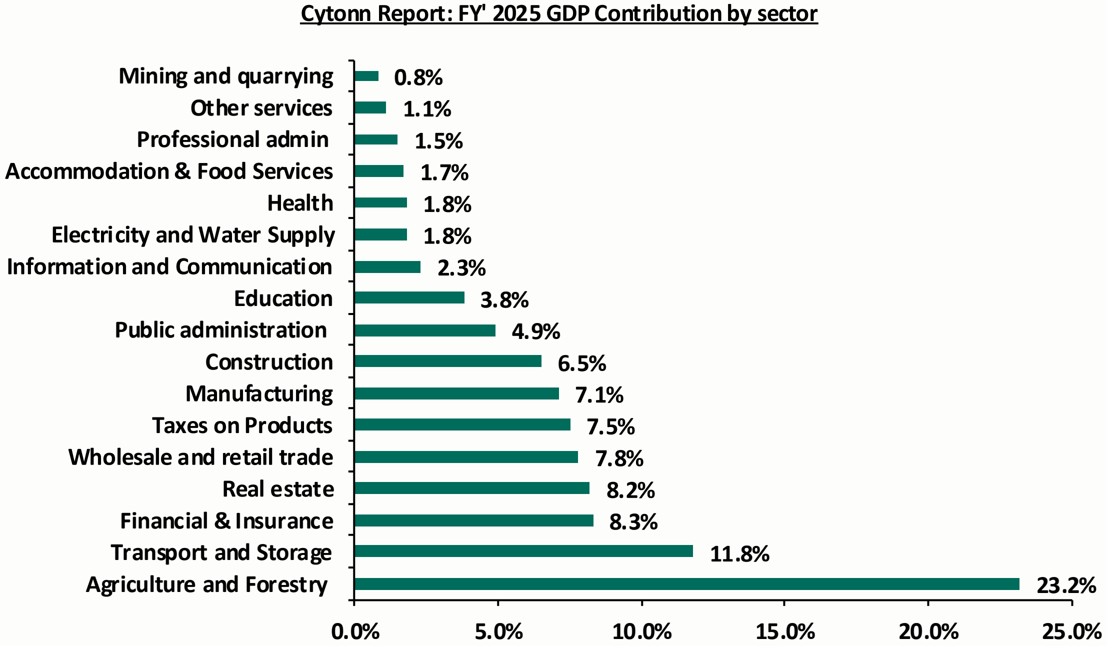
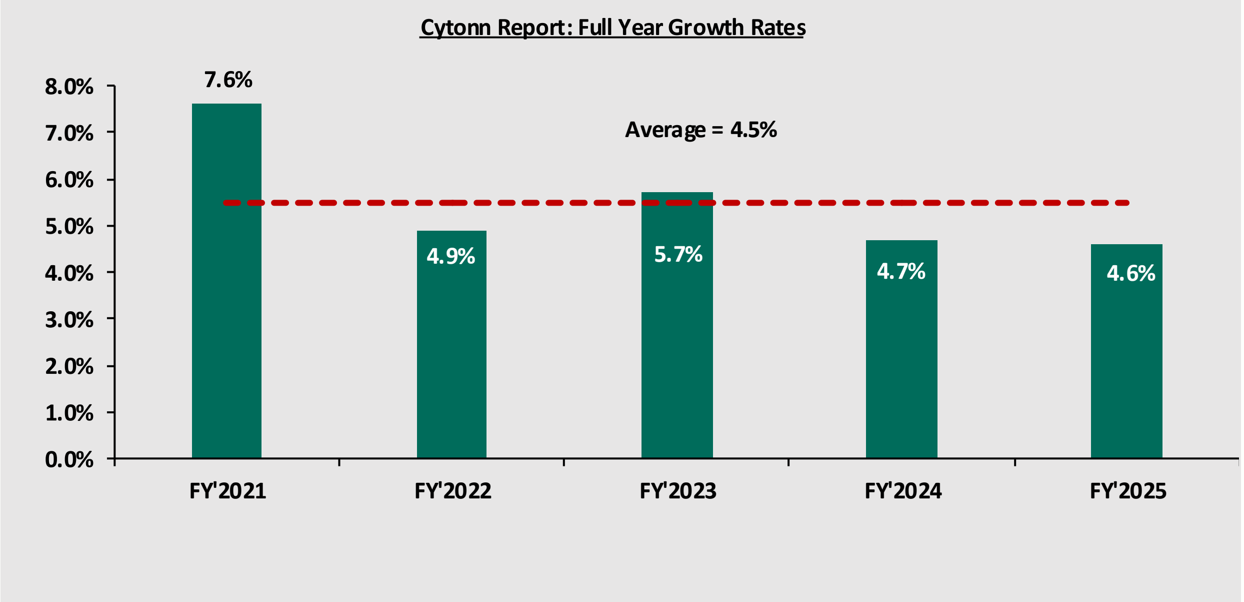
Economic Growth

The Kenyan economy grew by 4.6% in FY’2025, lower than the 4.7% growth recorded in FY’2024



Source: KNBS



- The Kenyan economy recorded a 4.6% in FY’2025, lower than the 4.7% growth recorded in FY’2024. The main contributor to Kenyan GDP remains to be the Agriculture, forestry and fishing sector whose contribution stood at 23.2% in FY’2025, higher than the 22.4% recorded in FY’2024. All sectors in FY’2025 recorded positive growths, with varying magnitudes across activities.
- Growth is expected to remain subdued, as the benefits of recent MPC’s decision to maintain the rate are offset by persistently high fuel prices and increased taxation, both of which continue to erode consumer purchasing power and dampen domestic demand

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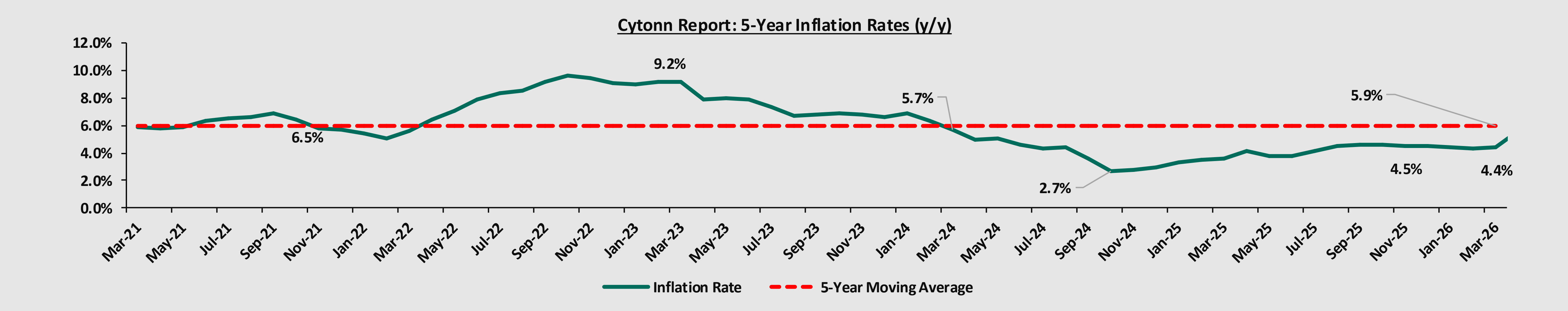
Inflation

The average inflation rate increased to 4.4% in Q1’2026, compared to 3.6% in Q1’2025



**Source KNBS*

- The average inflation rate increased to 4.4% in Q1’2026, compared to 3.6% in Q1’2025, driven primarily by elevated food prices, which rose 7.3% year-on-year, even as fuel prices remained relatively contained during the period
- The inflation in March increased by 0.1% to 4.4% from 4.3% in February 2026, driven by a rise in prices of items in the Food and Non-Alcoholic Beverages 7.7% Transport 3.6%, and Housing, Water, Electricity, Gas and other fuels 2.0% over the one-year period. In May 2026, inflation rose further to 6.7% from 5.6% in April 2026, reflecting stronger price pressures. The main contributors were Food and Non-Alcoholic Beverages 9.4%, Transport 16.5%, and Housing, Water, Electricity, Gas and Other Fuels 3.4% over the one year period.
- Going forward, we expect the inflationary pressures to remain within the CBK’s preferred target in the short to medium term. However, the geopolitical tensions remain a risk for the inflation rate.

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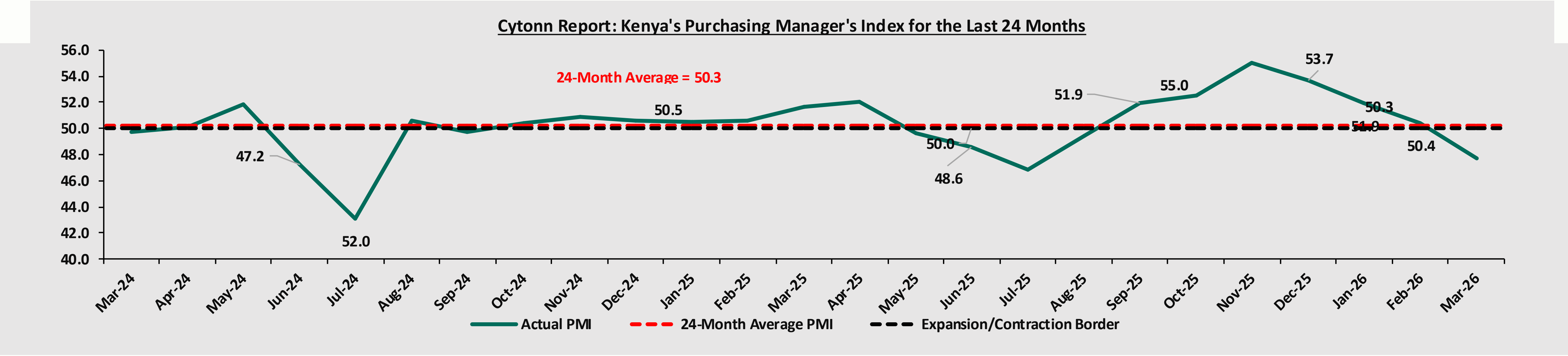
Stanbic PMI Index

The PMI averaged at 50.0 in Q1’2026, compared to 50.9 in Q1’2025



- Kenya's general business environment deteriorated in March 2026, with the Purchasing Managers' Index declining to 47.7 from 50.4 in February 2026, signaling the first contraction in private sector activity in seven months. The deterioration was largely driven by higher input costs linked to the Middle East conflict and its impact on shipping costs, squeezed household budgets, and subdued demand conditions, as firms opted against passing on costs to consumers in an already weak demand environment. The business environment showed further weakness in May 2026, with the PMI declining to 46.6 from 49.4 in April 2026
- Going forward, the business environment is expected to remain challenging in the near term, with the recent contraction in the PMI to 46.6 in May 2026 reflecting the mounting pressures of elevated input costs, tax burdens, and weakened consumer demand. While the CBK's accommodative stance, with the benchmark rate held at 8.75% offers some relief, a meaningful recovery in business conditions will remain contingent on stabilisation of fuel prices, easing of cost pressures, and a sustained improvement in household purchasing power.

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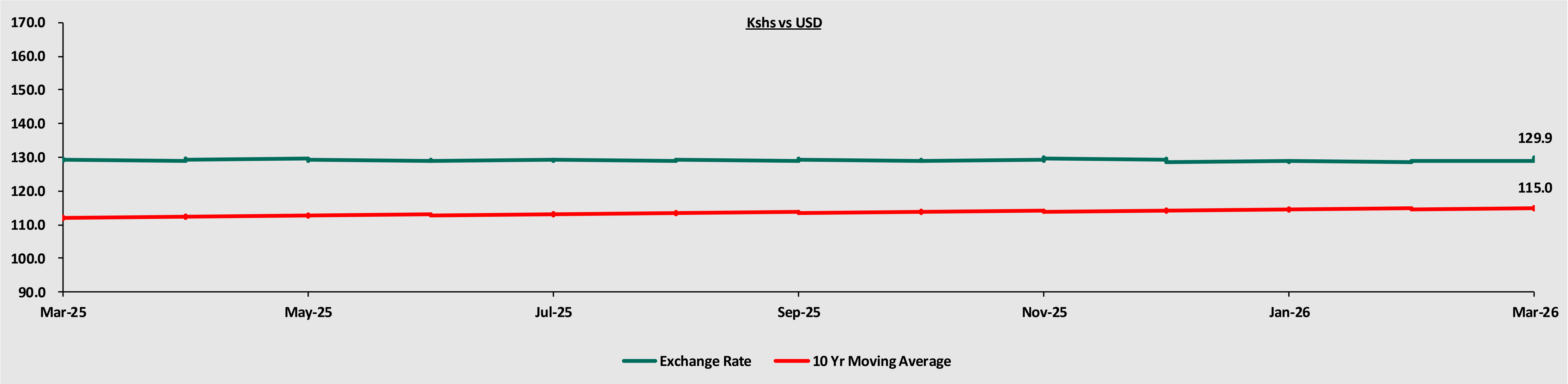
Currency

The Kenyan Shilling depreciated by 68.2 bps in Q1’2026 to close the quarter at Kshs 129.9



- The Kenyan Shilling depreciated by 68.2 bps in Q1’2026 to close the quarter at Kshs 129.9 from the Kshs 129.1 recorded at the beginning of the quarter. The movement occurred despite stable and adequate foreign inflows, which helped moderate volatility in the foreign exchange market.
- In our view, the shilling will be supported by diaspora remittances standing at cumulative USD 5,053.5 mn in the twelve months to April 2026, 1.1% higher than the USD 4,997.2 mn recorded over the same period in 2025, which has continued to cushion the shilling against further depreciation, as well as the tourism inflow receipts. We however expect the shilling to remain under pressure as a result of an ever-present current account deficit which came at 2.6% of GDP in the twelve months to April 2026, and, as well as the need for government debt servicing.

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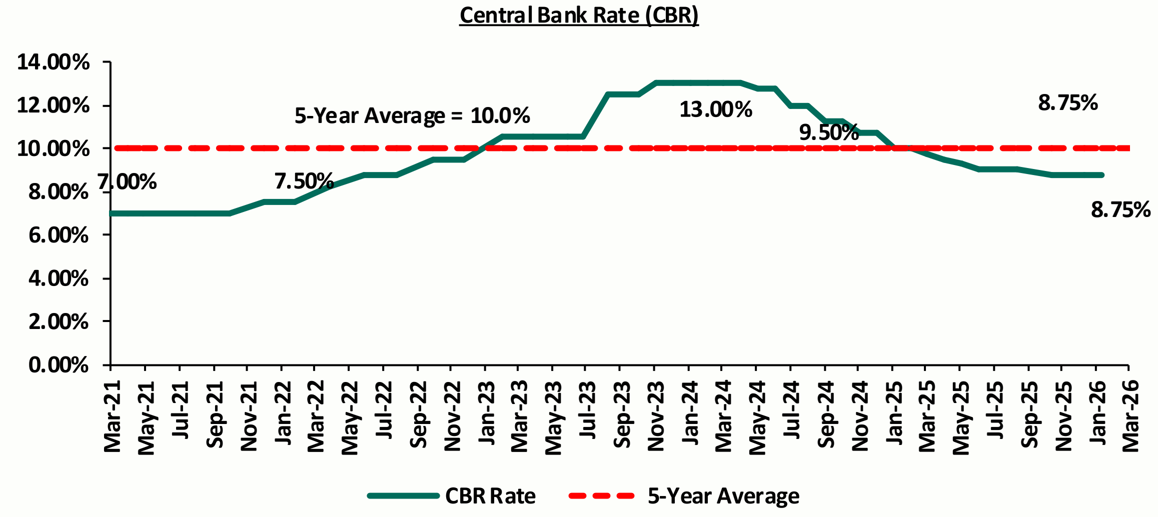
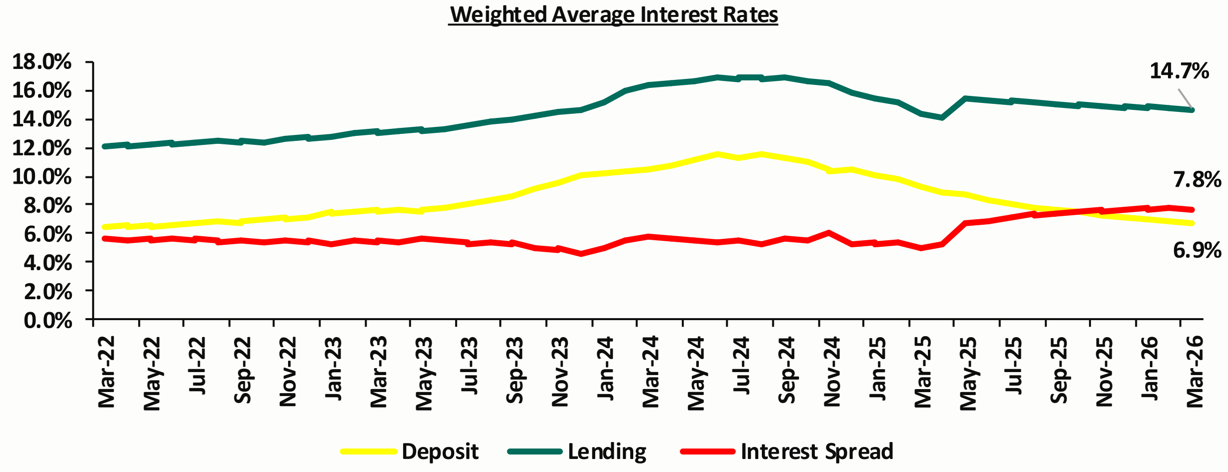
Interest Rates and Monetary Policy

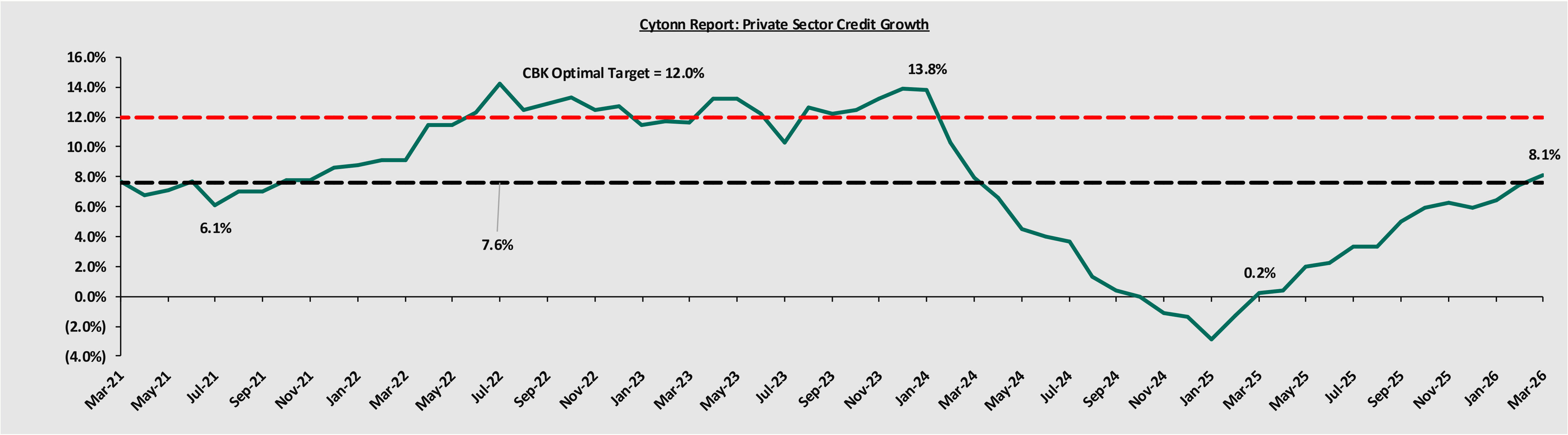
The MPC cut the Central Bank Rate to 8.75% in the February 2026 meeting, from 9.00% set in December 2025





- The Monetary Policy Committee (MPC) met once in Q1'2026 in February and lowered the CBR by 25.0 bps to 8.75%, from 9.0% recorded in December 2025, against a backdrop of stable inflation which remained in CBK's target range of 2.5% to 7.5%, steady economic growth, and continued stability in the foreign exchange market, even as elevated global trade policy uncertainty, heightened geopolitical tensions in the Middle East and the Russia-Ukraine conflict, and subdued global demand continued to weigh on the global outlook. In April 2026, the MPC retained the CBR at 8.75%, noting that inflation remained within target despite upward pressures from food and fuel prices, while private sector credit growth continued to recover. At its meeting in June 2026, the MPC again held the CBR at 8.75%, citing that the current stance is appropriate to anchor inflation expectations and support overall macroeconomic stability.
- In our view, we expect the MPC to adopt a more cautious approach to rate adjustments in the coming meetings in a bid to continue supporting the private sector, while closely monitoring the impact on inflation and the exchange rate, as a result of the ongoing Middle East war. The next MPC meeting is scheduled for August 2026.

Private Sector Credit growth



**Source: KNBS*

- Growth in private sector credit grew by 8.1% in March 2026 from 0.2% in March 2025, mainly attributed to the sustained decline in commercial bank lending rates to 14.7% from 17.2% in November 2024, driven by the CBK's easing cycle, as well as the full implementation of the Risk-Based Credit Pricing Model which enhanced monetary policy transmission. Additionally, the number of loan applications and approvals remained strong, reflecting resilience in economic activities and renewed appetite for working capital across key sectors.
- In April 2026, private sector credit grew by 7.1%, before growing further to 9.3% in May 2026, supported by continued transmission of lower lending rates and robust demand for credit across trade, manufacturing, and household segments.

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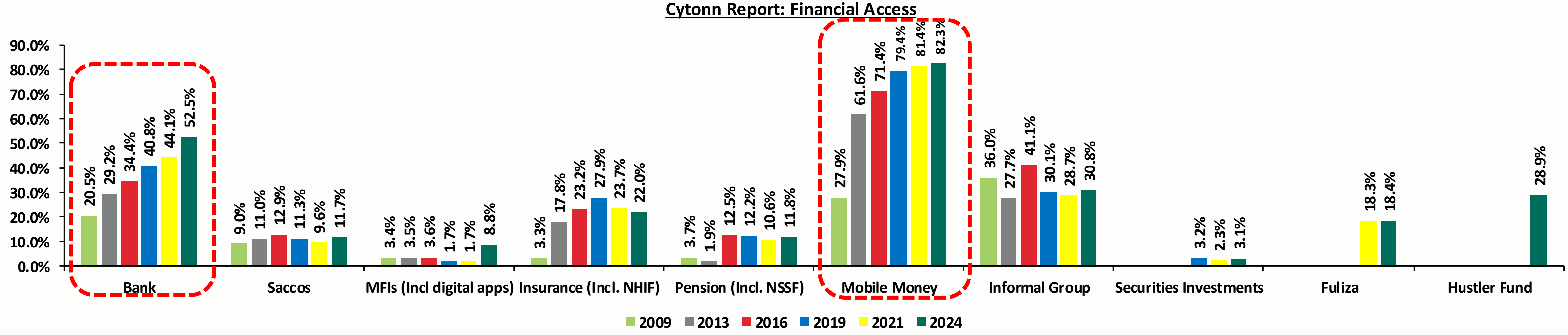
III. Banking Sector Overview

Kenyan Banking Sector Overview

Financial Inclusion in Kenya continues to rise, having expanded to 84.8% in 2024, from 83.7% in 2021

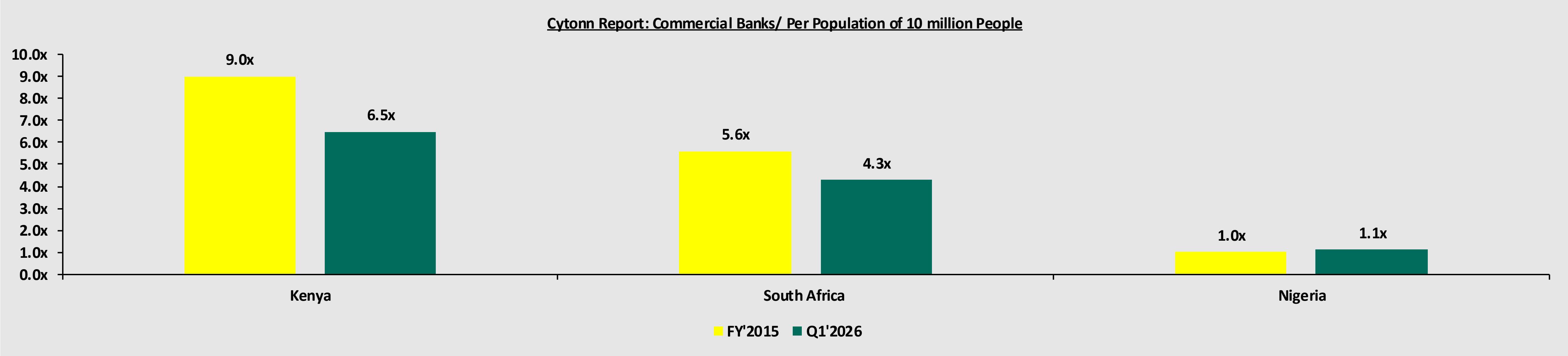
- In Kenya there are a total of 37 commercial banks, 1 mortgage finance company, 14 microfinance banks, 9 representative offices of foreign banks, 83 foreign exchange bureaus, 29 money remittance providers and 3 credit reference bureaus
- Financial inclusion in Kenya has continued to rise, with 84.8% of the adult population able to access formal financial services. This has largely been driven by digitization, with Mobile Financial Services (MFS), transfer and lending, rising to be the preferred method to access financial services. According to the 2024 FinAccess Household Report, the banking services including mobile banking stood at 52.5% as of 2024 from 44.1% in 2021 despite the decreased usage of mobile banking accounts; whose proportion declined to 32.6% in 2024 from 34.4% in 2021



Source: Central Bank of Kenya, FinAccess report

Kenyan Banking Sector Overview

Kenya still remains overbanked as the number of banks remains relatively high compared to the population



Source: World Bank, Central Bank of Kenya, South Africa Reserve Bank, Central Bank of Nigeria

- The number of commercial banks in Kenya currently stands at 38 (including 1 mortgage finance company), the same as in Q1’2025 but lower than the 43 licensed banks in FY’2015.
- The ratio of the number of banks per 10 million population in Kenya now stands at 6.5x, which is a reduction from 9.0x in FY’2015, demonstrating continued consolidation in the banking sector. However, despite the ratio improving, Kenya still remains overbanked as the number of banks remains relatively high compared to the African major economies

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Recent Developments in the Kenyan Banking Sector

1. Regulation:

- **Risk-based Lending: Risk-based Lending:** Following the CBK's introduction of a revised Risk-Based Credit Pricing Model (RBCPM) in August 2025, anchored on the Kenya Shilling Overnight Interbank Average (KESONIA) as the benchmark for variable Kenyan Shilling loans, the framework was fully implemented in March 2026, with all existing variable-rate loans required to transition by February 28, 2026. However, banks remain split on benchmark adoption: Co-operative Bank fully aligned with KESONIA, with lending rates adjusting automatically in line with interbank liquidity conditions, while KCB, Equity, DTB, and several other major lenders opted to retain the Central Bank Rate plus a customer-specific risk premium, with adjustments tied to Monetary Policy Committee decisions rather than continuous market repricing. This divergence means the framework's intended goal of strengthening monetary policy transmission and improving transparency remains only partially realised, with the impact of full KESONIA adoption, including more responsive but more volatile lending rates, yet to be felt across the sector

Recent Developments in the Kenyan Banking Sector

- **Higher capital requirements and reopening of new banks licensing:** Following the enactment of the Business Laws (Amendment) Act, 2024, the Central Bank of Kenya (CBK) increased the minimum core capital requirement for commercial banks to Kshs 10.0 bn from the previous Kshs 1.0 bn, which had been in effect since 2012. The new framework initially required lenders to comply gradually, with Kshs 3.0 bn by end-2025, Kshs 5.0 bn by 2026, and full compliance at Kshs 10.0 bn by 2029. However, during the FY 2026/27 Budget reading on June 11, 2026, National Treasury extended the final compliance deadline to December 31, 2032, and cancelled the annual phased milestones entirely. As of March 2026, 7 banks remained below the KSh 3.0 bn threshold, Credit Bank, Consolidated Bank, Bank of Africa, ABC Bank, Habib Bank of Zurich and Access Bank Kenya all in breach of the December 2025 regulatory deadline. Credit Bank is pursuing a Kshs 4.5 bn private placement to bridge its shortfall, while Consolidated Bank is seeking a Kshs 1.1 bn government injection from the National Treasury. Access Bank's gap is expected to be resolved through its ongoing merger with National Bank of Kenya, which closed March 2026 with core capital of Kshh 12.4 bn. Looking ahead to the KSh 5.0 bn threshold due in December 2026, 15 banks are yet to meet the requirement. Consolidated Bank remains the most distressed, with a negative core capital of KSh 546.1 mn, requiring over KSh 5.5 bn to meet the 2026 minimum amid ongoing plans for a rights issue and long-delayed government support. In 2026, consolidation activity has commenced with Nigeria's Zenith Bank completing the acquisition of a 100% stake in Paramount Bank. Concurrently, effective July 1, 2025, the CBK lifted the decade-long moratorium on licensing of new commercial banks that had been in place since November 2015, opening the door to greenfield applications from new domestic and foreign investors, subject to meeting the enhanced KSh 10.0 bn minimum capital requirement."

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Recent Developments in the Kenyan Banking Sector

- **Lifting of moratorium on licensing of new commercial banks:** In a significant policy shift, the Central Bank of Kenya (CBK) lifted the moratorium on licensing new commercial banks on July 1, 2025, ending a restriction that had been in place since November 2015. The moratorium had been introduced to address governance, risk management, and operational weaknesses in the sector, providing space for reforms. Over the past decade, the industry has undergone substantial strengthening, with improvements in legal and regulatory frameworks, a wave of mergers and acquisitions, and the entry of new strategic investors. With the moratorium now lifted, early indications point to renewed investor interest, particularly from regional financial groups and non-bank financial institutions seeking to upgrade to full banking licenses. While no large-scale greenfield entries have yet materialized, the policy shift is expected to stimulate competition, product innovation, and capital inflows over the coming year, especially as potential entrants assess compliance with the revised minimum core capital requirement of Kshs 10.0 bn. In the near term, the move is likely to deepen financial sector resilience and broaden consumer choice, although the pace of new licensing is expected to remain measured as CBK maintains a cautious, risk-based approval approach.

- **Digitization:** Kenya's banking sector has seen a notable acceleration in digital adoption, with the majority of tier one banks now processing the bulk transactions through digital channels. Equity Group led the pack in digital penetration, with 98.3% of all transactions in Q1'2026 now taking place outside physical branches, supported by 86,910 agency outlets and 1.4 million merchants across the region. KCB Group recorded a 99.0% digital transaction rate in FY’2025, meaning just one in every 100 transactions was conducted at a branch. Absa Bank Kenya announced plans to spend up to Kshs 3.0 bn annually on technology, as mobile and internet banking growth drove improvements in efficiency and a reduction in operating costs.

Recent Developments in the Kenyan Banking Sector…..

- **Interest Rates:** Interest rates were on a downward trajectory during the period under review. Notably, the yields on Kenyan government securities for the period under review were on a downward trajectory with the average yields on the 364-day, 182-day and 91-day papers decreasing by 1.9%, 1.7% and 1.6% points to 8.9%, 7.8% and 7.6%, respectively, from 10.8%, 9.5% and 9.2%, respectively, in Q1'2025. The downward trajectory in yields is primarily driven by improved investor confidence, stemming from reduced credit risk in the country and relatively eased inflationary pressures. Despite the declines in rates in Q1'2026, the listed bank's interest income grew to weighted average increase of 1.4% in Q1'2026, from a weighted average decline of 1.4% in Q1'2025. Additionally, the lower interest rate environment led to a marginal reduction in interest expense which declined by a weighted average of 13.3% in Q1'2026, compared to the 14.4% growth in Q1'2025. This decline in funding cost helped support overall profitability contributing to a 10.0% growth in net interest income in Q1'2026.

Recent Developments in the Kenyan Banking Sector…..

4. Regional Expansion through Mergers and Acquisitions:

Kenyan banks are increasingly expanding their regional footprint, with subsidiaries contributing significantly to overall profitability. For instance, Equity Group reported that regional subsidiaries contributed 51.0% of the Group's Profit Before Tax (PBT) in FY'2025, up from 50.0% in the same period last year, demonstrating the continued importance of these subsidiaries to the Group's earnings. Additionally, KCB Group's subsidiaries contributed 29.1% of the Group's Profit After Tax (PAT) in FY'2025. In terms of consolidation activity, 2025 saw one confirmed acquisition agreement between Access Bank Plc and KCB Group for the acquisition of National Bank of Kenya. More recently, Nedbank announced the intention of acquisition of 66.0% NCBA Group's shareholding to diversify its regional presence into East Africa.

a) Absa Group Limited announced a tender offer to acquire up to 895,989,600 additional ordinary shares in Absa Bank Kenya at Kshs 34.5 per share, valuing the transaction at Kshs 30.9 bn. The acquisition would raise Absa Group's shareholding to 85.0% from 68.5% , bringing total holdings to 4,616,805,600 shares. The offer period runs from 30 June to 11 August 2026, subject to CMA approval, with Absa seeking exemption from a mandatory full takeover to retain the NSE listing and allow continued minority shareholder participation. Since the 2020 Barclays separation, Absa Bank Kenya has reported strong growth, with PAT rising to Kshs 22.9 bn in FY'2025 from Kshs 7.4 bn, ROE expanding to 22.8%, and dividends increasing to Kshs 11.1 bn

Recent Developments in the Kenyan Banking Sector…..

4. Regional Expansion through Mergers and Acquisitions Cont:

b) Family Bank listed on the Nairobi Securities Exchange (NSE) on June 23, 2026, through a listing by introduction of 1.7 bn ordinary shares at Kshs 18.0 per share, implying a market capitalization of approximately Kshs 29.9 bn. The listing follows the successful Kshs 8 billion private placement in 2025, which attracted institutional investors including KTDA and Kenya Orient Life Assurance. Family Bank reported Q1 2026 profit after tax of Kshs 1.6 bn, a 52.6% year-on-year increase, with shareholders' funds rising to Kshs 34.7 bn

c) On May 11, 2026, Consolidated Bank received a Kshs 1.1 bn capital injection from the National Treasury as part of the government's broader plan to help undercapitalised lenders meet the minimum core capital requirement of Kshs 10.0 bn. The support package, announced in June 2026, extends to other smaller state-owned banks and follows the government's decision to push the compliance deadline to December 2032, easing immediate pressure on institutions that had struggled to raise capital under the earlier phased schedule.

d) On March 19,2026, the Central Bank of Kenya announced the acquisition of 100.0% shareholding of Paramount Bank Ltd by Zenith Bank Plc. The deal was first announced in November 2025, however, the transaction values and details were not disclosed. The acquisition is a strategic entry point into Kenya's established banking ecosystem, enhancing its geographic diversification and positioning it to tap into Kenya's relatively mature and dynamic banking sector as a gateway to the broader region. Zenith bank joins other Nigerian banks in the Kenyan market including Access Bank, UBA and GTBank.

Recent Developments in the Kenyan Banking Sector…..

4. Regional Expansion through Mergers and Acquisitions Cont:

d) On January 21, 2026, Nedbank announced the intention to acquire approximately 1.1 bn ordinary shares, representing 66.0% of NCBA's issued share capital, from NCBA shareholders through a partial tender offer, subject to regulatory approvals. The acquisition will be made at a par value of Kshs 5.0 per share, resulting to a total transaction value of Kshs 5.4 bn. If successfully completed, the transaction will result in Nedbank acquiring a controlling interest in NCBA, while the remaining 34.0% of the shares will remain listed on the Nairobi Securities Exchange (NSE). The planned acquisition values NCBA at a multiple of 1.4x its book value. This proposed transaction is part of Nedbank's stated strategy to extend its reach beyond Southern Africa, prioritizing the high-growth markets of East Africa, especially with Kenya's prominent role as a financial center, bolstered by robust institutions, advanced capital markets and a dynamic technology sector

e) On November 4, 2025 KCB Group Plc revealed its acquisition of an undisclosed minority stake in Pesapal Limited, one of the region's leading digital payment providers, as part of its strategic initiative to bolster digital capabilities and reinforce its footprint in banking, agency solutions, and business services across Kenya, Uganda, and Rwanda. This move proves to be strategic as KCB strives to capture the biggest market share of the fast-growing fintech market

Recent Developments in the Kenyan Banking Sector…..

4. Regional Expansion through Mergers and Acquisitions Cont:

f) On March 24, 2025, KCB Group Plc disclosed its acquisition of a 75.0% controlling interest in Riverbank Solutions Limited, a fintech entity focused on payment systems, as part of its strategic initiative to bolster digital capabilities and reinforce its footprint in banking, agency solutions, and business services across Kenya, Uganda, and Rwanda. Riverbank, a collaborator with KCB since 2013 in agency banking, brings expertise in digital payments, payroll management, and financial reporting, which KCB aims to harness to enhance its offerings tailored for small and medium enterprises (SMEs) and micro, small, and medium enterprises (MSMEs). The integration of Riverbank's capabilities is expected to facilitate the unification of KCB's agent banking channels into a single platform, optimizing operational efficiency.

g) On April 14, 2025, the Central Bank of Kenya announced the acquisition of 100.0% shareholding of National Bank of Kenya Limited (NBK) by Access Bank Plc from KCB Group Plc, following CBK's approval on April 4, 2025 under Section 13 (4) of the Banking Act, and approval by the Cabinet Secretary for the National Treasury and Economic Planning on April 10, 2025, pursuant to Section 9 of the Banking Act. As part of the transaction, CBK, on April 4, 2025, further approved the transfer of certain assets and liabilities of National Bank of Kenya Limited to KCB Bank Kenya Limited pursuant to Section 9 of the Banking Act. The acquisition and completion of the transaction was finalised on 30th May 2025 in accordance with the terms of the Agreement between the parties

4. Regional Expansion through Mergers and Acquisitions Cont:

h) On March 20, 2024 Access Bank Plc announced that it had entered into a share purchase agreement with KCB Group Plc that would allow Access Bank Plc to acquire 100% shareholding in National Bank of Kenya Limited (NBK) from KCB. Access Bank Plc is a wholly owned subsidiary of Access Holdings Plc listed on the Nigerian Exchange as Access Corporation. Notably, KCB Bank had acquired the National Bank of Kenya back in 2019 in a rescue deal that was supervised by the Central Bank of Kenya. The announcement followed the release of the Q1'2024 results for the KCB group, which revealed a decline in earnings with its Core earnings per share (EPS) declining by 8.3% to Kshs 11.7, from Kshs 12.7 in FY'2022. The transaction represents an important milestone for Access Bank as it moves closer to the achievement of its five-year strategic plan through increased scale in the Kenyan market. In the signed deal, Access Bank will pay multiples of 1.3x the book value of NBK, which stood at Kshs 10.6 bn as of end December 2023. This values the deal at about Kshs 13.3 bn with the actual figure to be announced when the transaction is completed.

Recent Developments in the Kenyan Banking Sector….

The average acquisition valuations for banks remained unchanged at 1.3x, similar to what was recorded in 2024

Cytonn Report: Banking Sector Deals and Acquisitions						
Acquirer	**Bank Acquired**	**Book Value at Acquisition (Kshs bn)**	**Transaction Stake**	**Transaction Value (Kshs bn)**	**P/Bv Multiple**	**Date**
Zenith Bank	Paramount Bank	Unknown	100.0%	Undisclosed	N/A	Apr-26
Nedbank	NCBA	6.0	66.0%	5.4	1.4x	Jan-26
KCB	Pesapal	Unknown	Undisclosed	Undisclosed	N/A	Nov-25
KCB	Riverbank	Unknown	75.0%	2.0	N/A	Mar-25
Access Bank PLC (Nigeria)	National Bank of Kenya	10.6	100.00%	13.3	1.3x	Apr-25
Pioneer General Insurance and four other companies	Sidian Bank	5.0	16.57%	0.8	1.0x	Apr-24
Pioneer General Insurance and two other companies	Sidian Bank	5.0	38.91%	2.0	1.0x	Oct-23
Equity Group	Cogebanque PLC ltd	5.7	91.13%	6.7	1.3x	Dec-23
Shorecap III	Credit Bank Plc	3.6	20.00%	0.7	1.0x	Jun-23
Premier Bank Limited	First Community Bank	2.8	62.50%	Undisclosed	N/A	Mar-23
KCB Group PLC	Trust Merchant Bank (TMB)	12.4	85.00%	15.7	1.5x	Dec-22
Equity Group	Spire Bank	Unknown	Undisclosed	Undisclosed	N/A	Sep-22*
Access Bank PLC (Nigeria)*	Sidian Bank	4.9	83.40%	4.3	1.1x	June-22*
KCB Group	Banque Populaire du Rwanda	5.3	100.00%	5.6	1.1x	Aug-21
I&M Holdings PLC	Orient Bank Limited Uganda	3.3	90.00%	3.6	1.1x	Apr-21
KCB Group**	ABC Tanzania	Unknown	100.00%	0.8	0.4x	Nov-20*
Co-operative Bank	Jamii Bora Bank	3.4	90.00%	1	0.3x	Aug-20
Commercial International Bank	Mayfair Bank Limited	1.0	51.00%	Undisclosed	N/A	May-20*
Access Bank PLC (Nigeria)	Transnational Bank PLC.	1.9	100.00%	1.4	0.7x	Feb-20*
Equity Group **	Banque Commerciale Du Congo	8.9	66.50%	10.3	1.2x	Nov-19*
KCB Group	National Bank of Kenya	7.0	100.00%	6.6	0.9x	Sep-19
CBA Group	NIC Group	33.5	53%.47%	23	0.7x	Sep-19
Oiko Credit**	Credit Bank	3.0	22.80%	1	1.5x	Aug-19
CBA Group**	Jamii Bora Bank	3.4	100.00%	1.4	0.4x	Jan-19
AfricInvest Azure	Prime Bank	21.2	24.20%	5.1	1.0x	Jan-18
KCB Group	Imperial Bank	Unknown	Undisclosed	Undisclosed	N/A	Dec-18
SBM Bank Kenya	Chase Bank Ltd	Unknown	75.00%	Undisclosed	N/A	Aug-18
DTBK	Habib Bank Kenya	2.4	100.00%	1.8	0.8x	Mar-17
SBM Holdings	Fidelity Commercial Bank	1.8	100.00%	2.8	1.6x	Nov-16
M Bank	Oriental Commercial Bank	1.8	51.00%	1.3	1.4x	Jun-16
I&M Holdings	Giro Commercial Bank	3.0	100.00%	5	1.7x	Jun-16
Mwalimu SACCO	Equatorial Commercial Bank	1.2	75.00%	2.6	2.3x	Mar-15
Centum	K-Rep Bank	2.1	66.00%	2.5	1.8x	Jul-14
GT Bank	Fina Bank Group	3.9	70.00%	8.6	3.2x	Nov-13
Average			**74.5%**		**1.3x**	
Average: 2013 to 2018			**73.5%**		**1.7x**	
Average: 2019 to 2026			**73.2%**		**1.0x**	

*** Announcement Date**

**** Deals that were dropped**

Recent Developments in the Kenyan Banking Sector….

3. Asset Quality:

- Asset quality for the listed banks improved in Q1’2026, with market weighted average NPL decreasing by 2.2% points to 11.8% from 14.0% in Q1’2025. The performance remained at par the ten-year average of 11.8%. Notably, all the 10 listed banks recorded a decrease in their NPL ratios, signalling an improvement in asset quality even as credit risk remains elevated compared to historical levels, albeit showing signs of moderation following recent monetary policy easing and improving lending conditions. Similarly, most banks experienced an increase in gross non-performing loans that outpaced the growth in gross loans. As a result, the overall gross non-performing loans (NPL) ratio in the banking industry increased by 0.2% points, falling to 15.6% in March 2026 from 15.4% in December 2025.
- Additionally, KCB Group’s NPL ratio declined the most by 4.0% points to 15.9%, from 19.9% in Q1’2025, while HF Group’s NPL ratio decreased by 3.3% points to 21.7%, from 25.2% in Q1’2026. KCB’s asset quality improved due to a 15.0% increase in gross loans to Kshs 1,373.0 bn, from Kshs 1,174.8 bn recorded in Q1‘2025 compared to the 6.6% decrease in Gross non-performing loans to Kshs 217.8 bn, from Kshs 233.3 bn in Q1’2025. Similarly, HF Group’s asset quality improved due to a 6.5% growth in gross loans to Kshs 50.6 bn from Kshs 47.5 bn in Q1’2025, compared to the 8.4% decline in gross non-performing loans to Kshs 11.0 bn from Kshs 12.0 bn in Q1’2025, and,

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Recent Developments in the Kenyan Banking Sector….

3. Asset Quality Cont:

- The Central Bank of Kenya reduced the CBR by a cumulative 425 basis points between July 2024 and February 2026, bringing it to 8.75%. Since then, the MPC has maintained the rate, judging the current stance appropriate to keep inflation expectations anchored and preserve exchange rate stability amid global uncertainties. The earlier easing cycle, which lowered the CBR to 8.75% in February 2026 from 13.00% in July 2024, has already supported stronger credit demand and improved loan growth prospects as borrowing costs declined. With the MPC now pausing further cuts, lending conditions are expected to remain steady, sustaining the recovery in credit uptake without additional acceleration. Private sector credit growth illustrates this transmission: expanding by 8.1% in March 2026, up from 7.4% in February, and reversing a contraction of 2.9% in January 2025. This reflects improved demand for credit in line with declining lending rates and the stabilization of monetary conditions.

Banking Sector Growth Drivers

- **Growth in Interest income:** Going forward, we expect interest income growth to remain a key driver in the banking industry. With the recent easing of monetary policy by the Central Bank of Kenya, which lowered the Central Bank Rate (CBR) by 25.0 basis points to 8.75% in February 2026 and maintained in the April and June 2026 MPC meetings, signals a gradual reduction in borrowing costs. This is likely to support an increase in credit uptake, expanding banks' loan books and consequently boosting interest income. Additionally, the continued use of banks' risk-based lending models will enable banks to effectively price their risk, further contributing to the growth of interest income.,

- **Revenue Diversification:** In Q1’2026, non-funded income (NFI) recorded a 7.1% weighted average growth, compared to the 11.2% weighted decline in Q1’2025. The growth in fees and commissions income, one of the key components of NFI, contributed to the strong performance, with growth increasing to 12.4% in Q1’2026 from 0.9% in Q1’2025, reflecting strong transactional volumes and a potential tapering in digital revenue momentum. Notably, this deceleration occurred with 3 of the 10 listed Banks recording a decrease in their non-funded income. As a result of the decline in non-funded income (NFI) the weighted average contribution of NFI to total operating income came in at 33.3% in Q1’2026, 0.3% points lower than the 33.6% weighted average contribution recorded in Q1’2025 and as such, there still exists an opportunity for the sector to further increase NFI contributions to revenue given the continuous adoption of digitization

Banking Sector Growth Drivers

- **Growth in Loans and Advances:** All the 10 listed banks recorded growth in loans and advances to customers, resulting in a weighted average growth in loans of 11.2% relative to the 2.3% decline recorded in a similar period in 2025. The MPC's decision to maintain the CBR at 8.75% in June 2026, after prior easing, signals a pause in the monetary policy easing cycle. This is likely to stabilize borrowing costs at their current lower levels rather than drive further declines, meaning credit growth will continue to benefit from earlier rate cuts but without additional near-term stimulus from policy easing. As a result, loan growth should remain supported by improved affordability and stronger private sector demand, but its pace may moderate compared to a scenario of continued rate reductions. To drive further loan growth, banks must leverage opportunities such as risk-based lending models, improved customer segmentation, and expanding access to credit in underserved sectors, and,

- **Regional Expansion and Further Consolidation:** Consolidation remains a key theme going forward with the current environment offering opportunities for larger banks with a sufficient capital base to expand and take advantage of the market's low valuations, as well as further consolidate out smaller and weaker banks. Notably, the majority of the bigger banks have continued to cushion over unsystematic risks specific to the local market by expanding their operations into other African nations. Banks such as KCB and Equity Group have been leveraging on expansion and consolidation, which has largely contributed to their increased asset base as well as earnings growth. Additionally, we expect the increased capital requirements imposed on banks to further accelerate consolidation, as only well-capitalized banks are able to meet these thresholds while pursuing expansion opportunities. As such, we expect to see a continued expansion trend aimed at revenue optimization.

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Banking Sector Growth Drivers

- **Geopolitical Tensions**: Geopolitical tensions stemming from the US–Iran conflict are likely to weigh on the Kenyan banking sector through higher global oil prices, which feed into domestic inflation and raise the cost of living, thereby pressuring borrowers' repayment capacity and elevating credit risk. This environment may also dampen economic activity and investor sentiment, leading to more cautious lending behaviour, slowed credit growth, and a preference by banks to hold higher precautionary buffers in anticipation of potential asset quality deterioration. In addition, the resulting external shocks could weaken the Kenyan shilling through a wider current account deficit and higher import costs, negatively affecting banks by increasing the cost of servicing foreign currency liabilities, heightening FX-related credit risk for unhedged borrowers, and amplifying volatility in foreign currency income and balance sheet valuations

IV. Listed Banking Sector Metrics

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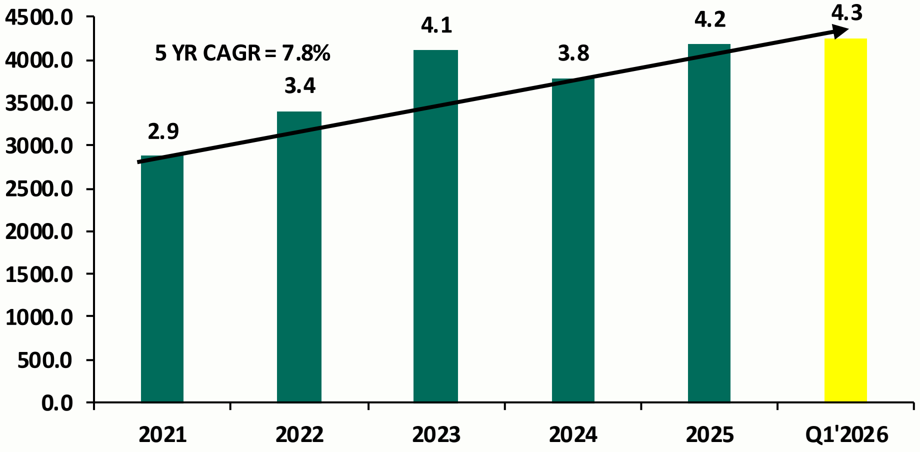
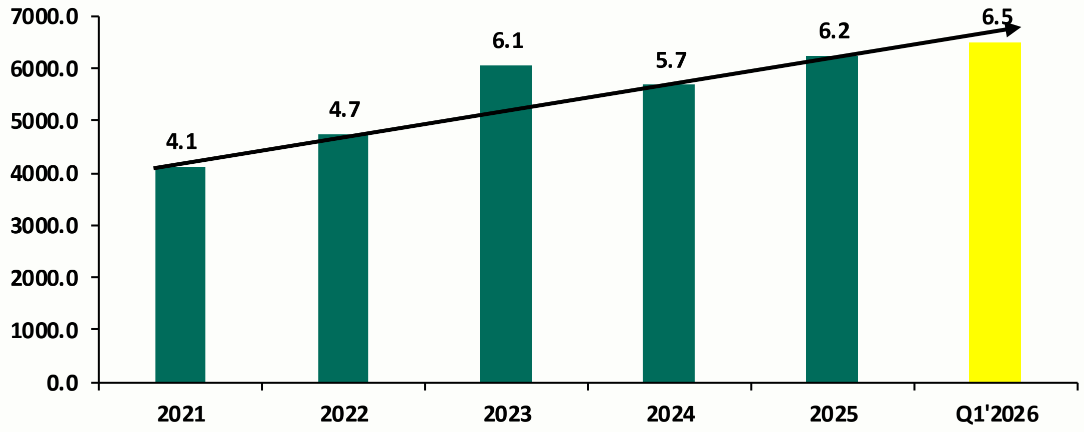
Listed Banking Sector Metrics

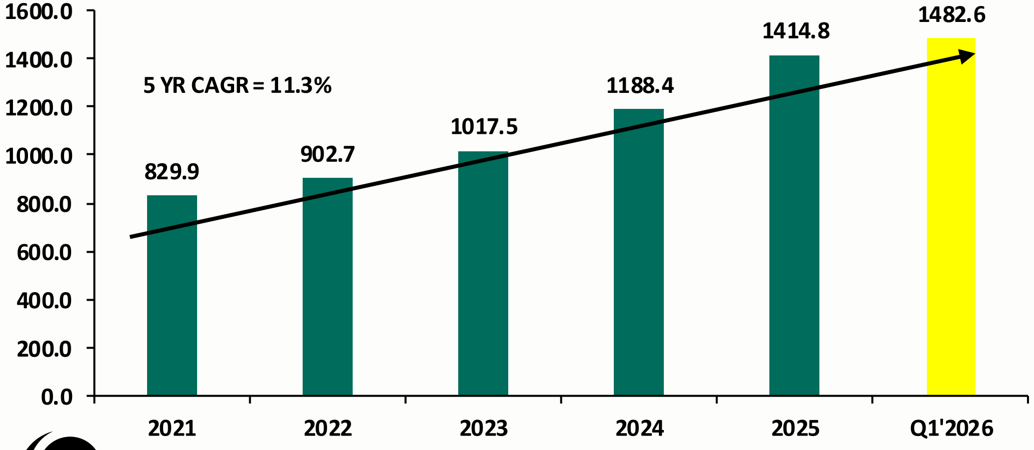
Loans and Advances (Kshs tn)



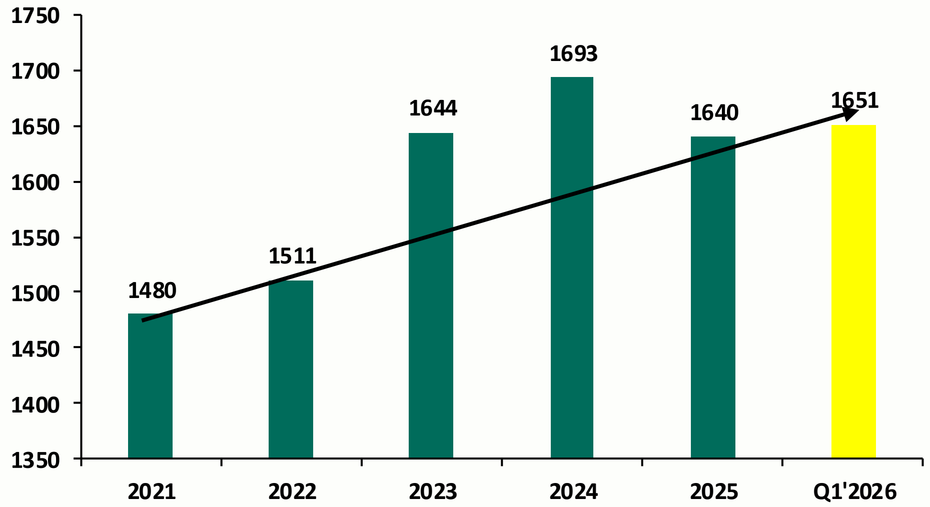
Deposits (Kshs tn)



Shareholders Equity (Kshs tn)



Bank Branches



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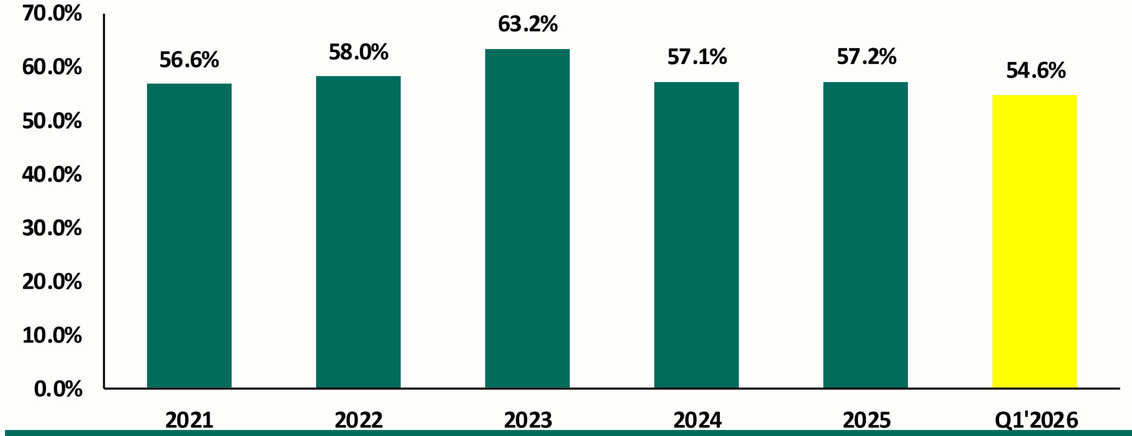
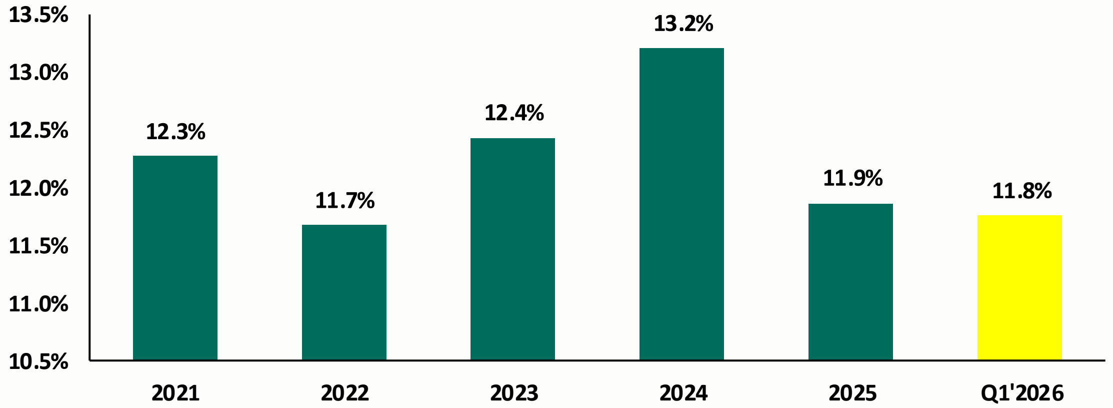
Listed Banking Sector Metrics

Banks' asset quality improved in Q1'2026, with the NPL ratio decreasing to 11.8% from 14.0% in Q1'2025

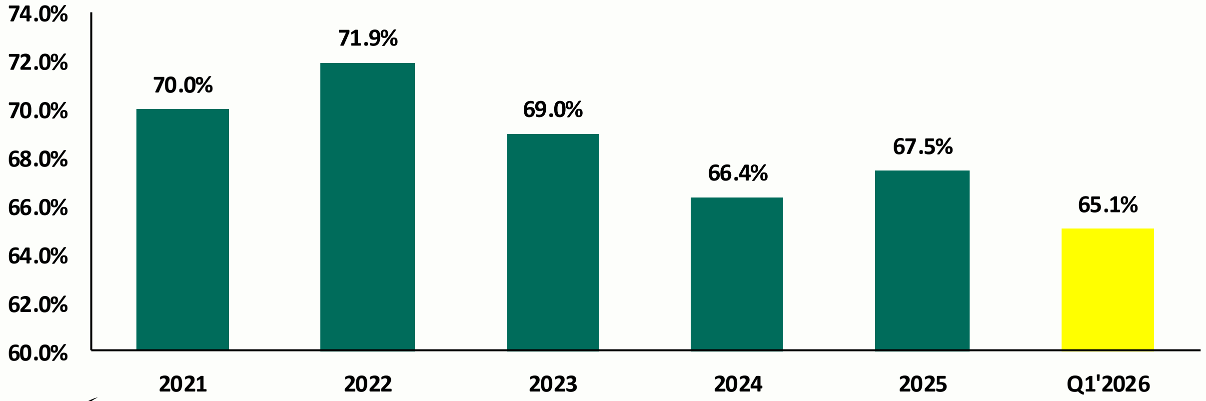
Cost to Income Ratio



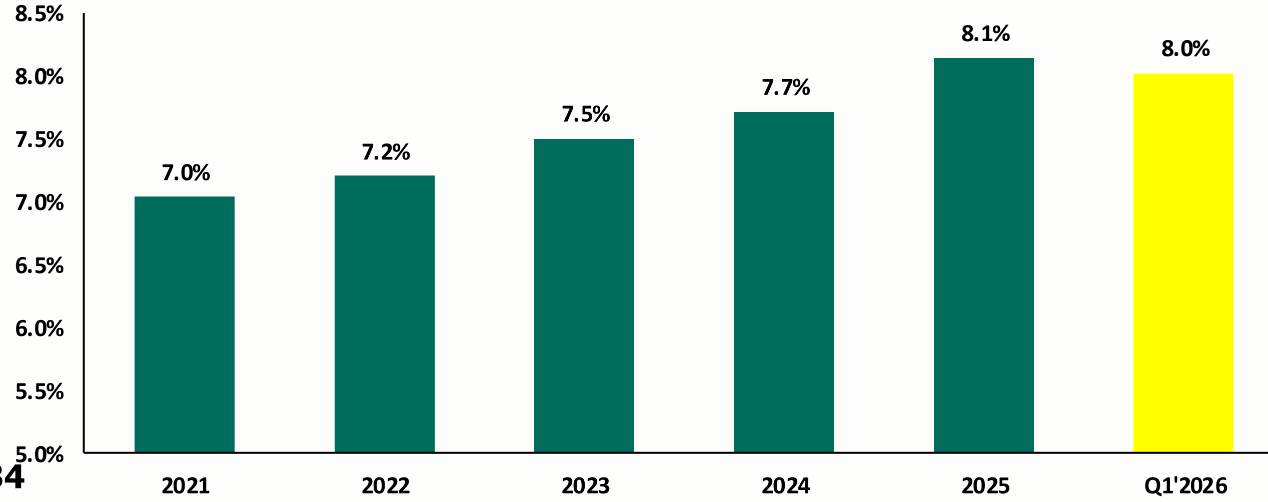
NPL Ratio



Loan to Deposit Ratio



Net Interest Margin



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Listed Banking Earnings and Growth Metrics

Kenya's listed banks weighted average core EPS grew by 9.4% in Q1'2026, compared to 0.7% decline in Q1'2025

Cytonn Report: Kenyan Listed Banks Performance Q1'2026															
Bank	Core EPS Growth	Interest Income Growth	Interest Expense Growth	Net Interest Income Growth	Net Interest Margin	Non-Funded Income Growth	NFI to Total Operating Income	Growth in Total Fees & Commissions	Deposit Growth	Growth in Government Securities	Loan to Deposit Ratio	Loan Growth	Return on Average Equity	COF	YIEA
HF Group	67.0%	14.3%	(2.4%)	27.9%	6.8%	33.9%	31.0%	1.9%	30.7%	64.9%	63.8%	7.4%	9.1%	5.2%	11.3%
Equity Group	24.0%	4.6%	(19.1%)	15.6%	7.9%	13.7%	40.3%	27.4%	12.6%	7.5%	59.0%	8.6%	27.4%	3.0%	10.5%
Co-operative Bank	21.3%	4.8%	(8.3%)	12.2%	8.9%	16.3%	33.6%	14.4%	16.6%	12.7%	71.3%	13.6%	18.9%	4.7%	13.0%
I&M Group	19.4%	19.3%	1.2%	31.1%	8.6%	7.1%	23.8%	-5.1%	25.8%	97.5%	63.1%	10.0%	17.4%	4.5%	12.7%
KCB Group	10.0%	2.1%	(11.1%)	8.6%	8.5%	8.3%	31.7%	6.7%	15.7%	18.5%	73.1%	18.6%	21.6%	3.6%	11.8%
NCBA Group	8.8%	3.0%	(23.3%)	22.0%	7.7%	6.3%	39.2%	6.6%	9.8%	15.6%	59.6%	13.0%	19.1%	4.2%	11.5%
Diamond Trust Bank	7.7%	10.3%	(12.2%)	30.9%	7.0%	(3.2%)	22.6%	2.1%	10.4%	16.7%	63.2%	13.8%	11.4%	5.0%	11.7%
Stanbic Group	5.5%	4.7%	(6.4%)	11.7%	5.7%	(13.7%)	23.9%	4.0%	21.7%	73.5%	62.8%	5.8%	19.6%	3.6%	10.0%
Absa Bank Kenya	(13.9%)	(10.2%)	(17.1%)	(7.9%)	8.7%	(5.2%)	29.2%	9.6%	7.5%	21.2%	76.1%	(1.5%)	21.4%	3.2%	11.5%
Standard Chartered Bank	(26.3%)	(22.3%)	(15.1%)	(23.3%)	7.9%	10.3%	37.3%	21.9%	12.6%	5.0%	51.5%	20.0%	19.6%	1.2%	9.0%
Q1'2026 Mkt Weighted Average*	**9.4%**	**1.4%**	**(13.3%)**	**10.0%**	**8.0%**	**7.1%**	**33.3%**	**12.4%**	**14.6%**	**24.9%**	**65.1%**	**11.2%**	**21.1%**	**3.5%**	**11.3%**
Q1'2025 Mkt Weighted Average*	**(0.7%)**	**(1.4%)**	**(14.4%)**	**7.9%**	**8.0%**	**(11.2%)**	**33.6%**	**0.9%**	**0.6%**	**30.2%**	**66.5%**	**(2.3%)**	**21.7%**	**5.0%**	**12.6%**
*Market cap weighted as at 19/06/2026															
**Market cap weighted as at 13/06/2025															

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Takeout from Key Operating Metrics

The listed banks recorded a 21.1% weighted average growth on return on average equity (RoaE), 0.6% points lower than the 21.7% growth registered in Q1'2025.

- The listed banks recorded a 9.4% growth in core Earnings per Share (EPS) in Q1'2026, compared to the weighted average decline of 0.7% in Q1'2025, an indication of a strong performance on the back of a 7.1% growth in non-funded income in Q1'2026, compared to a decline of 11.2% in Q1'2025. This was majorly attributable to an increase in the fees and commissions income which increased by 11.5% points to 12.4% in Q1'2026 from 0.9% in Q1'2025. The performance during the period highlights banks' reduced reliance on interest income as reflected in the faster increase in the non-funded income weighted average growth to 7.1% from a decline of 11.2% in Q1'2025 compared to a marginal increase in net interest income weighted average growth to 10.0% from 7.9% in Q1'2025 that resulted in a recovery in earnings growth,
- Investments in government securities investments by listed banks decreased in Q1'2026, having recorded a market-weighted average growth of 24.9%, from the 30.2% growth recorded in Q1'2025, with all of the listed banks recording increases in government securities investments. The increase was as a result of banks deploying excess liquidity into safe, attractive government securities, while the decline in treasury bonds yields in Q1'2026 also boosted the market value of existing bonds, generating capital gains and reinforcing the appeal of holding government debt. I&M Group and Stanbic group recorded the largest increases of 97.5% and 73.5% respectively
- Interest income recorded a weighted average increase of 1.4% in Q1'2026, compared to a decline of 1.4% in Q1'2025. Similarly, interest expenses recorded a market-weighted average decline of 13.3% in Q1'2026 compared to a decline of 14.4% in Q1'2025. Consequently, net interest income recorded a weighted average growth of 10.0% in Q1'2026, slightly higher than the 7.9% growth recorded in Q1'2025, on the back of easing monetary policy leading to lower lending and deposit rates,
- The listed banks recorded a 21.1% weighted average growth on return on average equity (RoaE), 0.6% points lower than the 21.7% growth registered in Q1'2025

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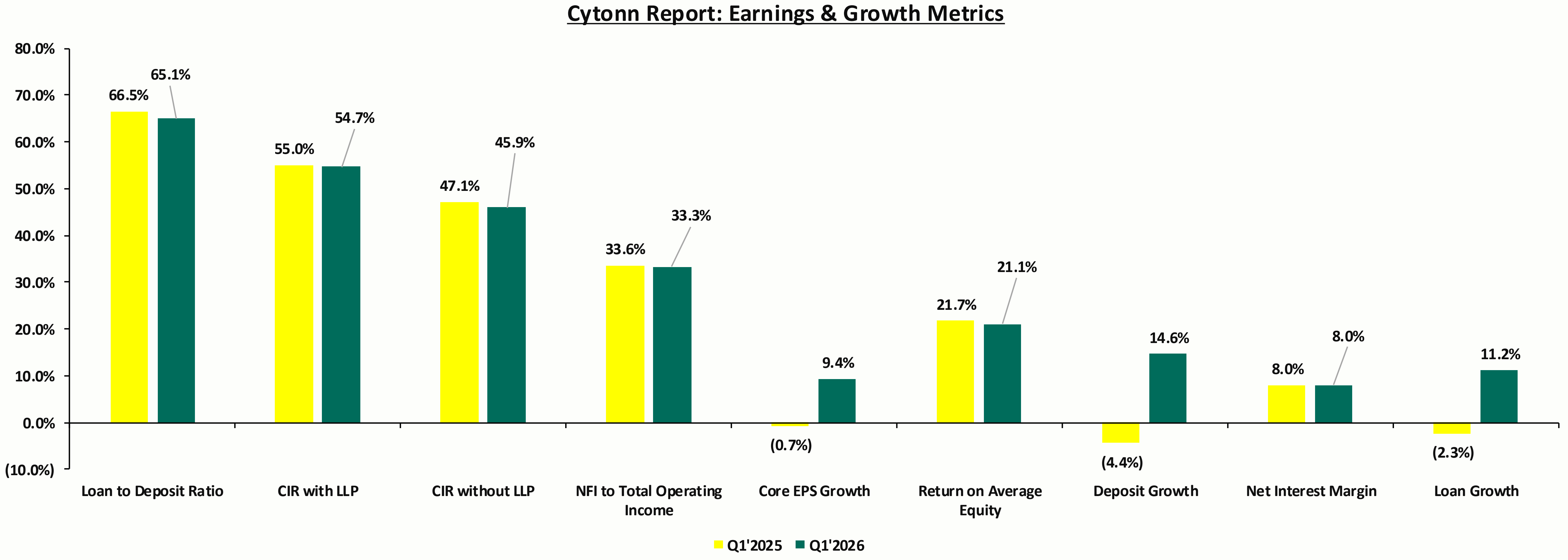
Listed Banks Earnings and Growth Metrics Cont…

The banking sector has witnessed increased customer loans registering a growth rate of 11.2% in Q1’2026, 13.5% points higher than the negative 2.3% decline in Q1’2025



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Listed Banks Operating Metrics

Asset quality for the listed banks improved in Q1'2026, with market weighted average NPL decreasing by 2.2% points to 11.8% from 14.0% in Q1'2025

Cytonn Report: Listed Banks Asset Quality						
	Q1'2026 NPL Ratio*	Q1'2025 NPL Ratio**	% point change in NPL Ratio	Q1'2026 NPL Coverage*	Q1'2025 NPL Coverage**	% point change in NPL Coverage
KCB Group	15.9%	19.9%	(4.0%)	75.7%	67.0%	8.7%
HFCB Group	21.7%	25.2%	(3.5%)	80.6%	72.1%	8.5%
Equity Group	11.5%	15.0%	(3.5%)	68.5%	60.5%	7.9%
Standard Chartered Bank	5.2%	8.3%	(3.1%)	85.5%	78.7%	6.8%
Co-operative Bank	14.7%	17.1%	(2.4%)	67.7%	64.2%	3.5%
I&M Group	9.1%	10.9%	(1.8%)	73.4%	63.6%	9.8%
Absa Bank Kenya	11.6%	13.1%	(1.5%)	66.6%	65.2%	1.4%
Diamond Trust Bank	11.8%	13.2%	(1.5%)	56.1%	39.9%	16.2%
NCBA Group	11.2%	12.2%	(0.9%)	66.2%	63.0%	3.2%
Stanbic Holdings	8.4%	8.7%	(0.4%)	85.4%	80.8%	4.6%
Mkt Weighted Average*	**11.8%**	**14.0%**	**(2.2%)**	**72.1%**	**66.3%**	**5.7%**
*Market cap weighted as at 19/06/2026						
**Market cap weighted as at 13/06/2025						

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Listed Banks Trading Metrics

The listed banking sector has continued to trade at cheaper prices compared to historical averages, currently trading at an average P/TBV of 1.2x and average P/E of 5.8x

Bank	No. of shares (bn)	Market Cap (Kshs bn)	P/E	Price*	P/TBV
NCBA Group	1.6	148.3	6.2x	90.0	1.2x
Absa Bank	5.4	167.0	7.9x	30.8	1.6x
Stanbic Bank	0.4	114.2	8.2x	289.0	1.6x
Equity Bank	3.8	301.9	3.8x	80.0	1.0x
SCBK	0.4	127.2	8.9x	336.8	2.0x
DTBK	0.3	39.6	3.6x	141.8	0.4x
Coop Bank	5.9	195.4	6.3x	33.3	1.2x
KCB Group	3.2	235.4	3.4x	73.3	0.7x
I&M Holdings	1.7	107.5	5.2x	61.8	0.9x
HFCB Group	1.9	17.8	11.3x	9.4	1.0x
Weighted Average Q1'2026*			**5.8x**		**1.2x**

Prices as at 19th June 2026

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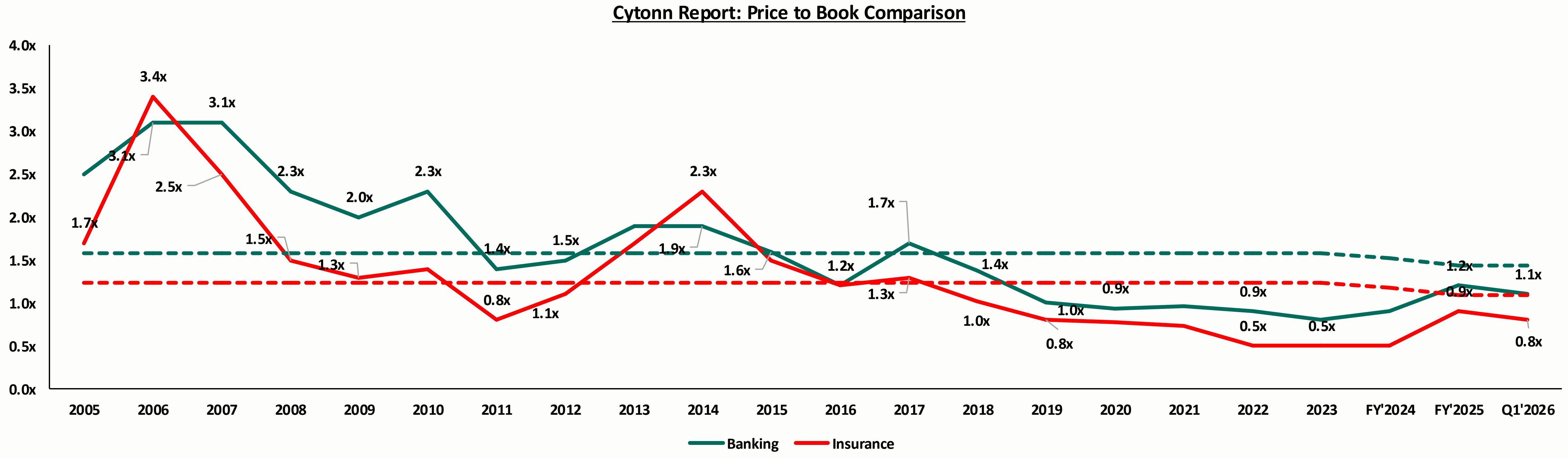
Listed Banks & Insurance Trading Metrics

Listed banks are trading at an average P/B of 1.1x, higher than the insurance sector, which is priced at 0.8x. Both sectors are trading below their 21-year averages of 1.6x and 1.2x, respectively

18 year Price to Book Value: Banking and Insurance



On a price to book valuation, listed banks are currently priced at a P/BV of 1.1x, higher than listed insurance companies at 0.8x, with both lower than their historical averages of 1.6x for the banking sector and 1.2x for the insurance sector

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V. Banks Valuation Reports

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Ranking by Franchise Value

Absa Bank emerged top in the franchise ranking having had the lowest cost to income ratio of 48.9% against a weighted market average of 54.7% for the listed banks

Bank	LDR	CIR	ROACE	NIM	PEG ratio	PTBV	Deposits/ Branch	Gross NPL Ratio	NPL Coverage	Tangible Common Ratio	Non Interest Income/ Revenue	Camel Rating	Total	Rank
Absa Bank	1	1	3	2	3	9	3	6	8	3	7	3	49	1
SCBK	10	2	4	5	5	10	1	1	1	7	3	1	50	2
KCB Group	2	5	2	4	1	2	7	9	4	9	5	7	57	3
Equity Bank	9	6	1	6	2	4	6	5	6	8	1	4	58	4
I&M Holdings	6	8	8	3	6	3	5	3	5	5	9	2	63	5
Coop Bank	3	4	7	1	7	6	10	8	7	2	4	6	65	6
NCBA Group	8	7	6	7	8	7	4	4	9	4	2	5	71	7
Stanbic Bank	7	3	5	10	9	8	2	2	2	10	8	8	74	8
DTBK	5	9	9	8	4	1	8	7	10	6	10	9	86	9
HFCB Group	4	10	10	9	10	5	9	10	3	1	6	10	87	10

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Valuation Summary of Listed Banks

NCBA Group presents the highest return with a total potential return of 28.9%

(all values in Kshs)

Bank	Current Price	Target Price	Upside/(Downside)	DPS	Dividend Yield	Total Potential Return	Q1'2026 Ranking
NCBA Group	90.0	108.9	21.0%	7.1	7.9%	28.9%	1
Absa Bank	30.8	36.8	19.8%	2.05	6.7%	26.5%	2
KCB Group	73.3	83.9	14.6%	7	9.6%	24.2%	3
DTBK	141.8	161.4	13.9%	9	6.3%	20.2%	4
Coop Bank	33.3	36.9	10.9%	2.5	7.5%	18.4%	5
Equity Bank	80.0	87.5	9.4%	5.75	7.2%	16.5%	6
HFCB Group	9.4	10.6	12.8%	0	0.0%	12.8%	7
SCBK	336.8	345.8	2.7%	31	9.2%	11.9%	8
I&M Holdings	61.8	58.7	(4.9%)	3.75	6.1%	1.2%	9
Stanbic Bank	289.0	251.6	(13.0%)	22.35	7.7%	(5.2%)	10

DPS is for FY'2025

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Cytonn Banking Report - Comprehensive Ranking

Equity Bank Kenya emerged top of the ranking in terms of comprehensive ranking

Cytonn Report: Listed Banks Q1'2026 Rankings					
Bank	Franchise Value Rank	Intrinsic Value Rank	Weighted Rank Score	Q1'2025 Rank	Q1'2026 Rank
Absa Bank	1	2	1.4	2	**1**
KCB Group	3	3	3.0	3	**2**
SCBK	2	8	4.4	1	**3**
NCBA Group	7	1	4.6	8	**4**
Equity Bank	4	6	4.8	6	**5**
Coop Bank	6	5	5.6	4	**6**
I&M Holdings	5	9	6.6	5	**7**
DTBK	9	4	7.0	9	**8**
HFCB Group	10	7	8.8	10	**9**
Stanbic Bank	8	10	8.8	7	**9**

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VI. Appendix

A. Tier I Banks

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I. Equity Group Holdings

Equity Group Summary of Performance – Q1’2026

- Profit before tax increased by 31.2% to Kshs 24.5 bn, from Kshs 18.7 bn recorded in Q1’2025, with effective tax rate increasing to 22.3% in Q1’2026, from 17.8 % in Q1’2025, leading to a 24.1% increase in profit after tax to Kshs 19.1 bn in Q1’2026, from Kshs 15.3 bn in Q1’2025.
- The 14.8% increase in total operating income was mainly driven by a 15.6% increase in Net Interest Income (NII) to Kshs 33.0 bn from Kshs 28.6 bn in Q1’2025, coupled with a 13.7% increase in Non-Interest Income (NFI) to Kshs 22.3 bn, from Kshs 19.6 bn in Q1’2025
- Total operating expense increased by 4.4% to Kshs 30.8 bn in Q1’2026, from Kshs 29.5 bn in Q1’2025, mainly attributable to the 34.7% increase in staff costs expense to 11.7 bn from 8.7 bn in Q1’2025. Notably, loan loss provisions expense decreased by 17% to Kshs 2.8 bn, from 3.4 bn in Q1’2025.
- The balance sheet registered an expansion as total assets increased by 16.4% to Kshs 2,036.5 bn in Q1’2026, from Kshs 1,749.2 bn in Q1’2025, mainly driven by the 8.6% increase in net loans and advances to customers to Kshs 873.5 bn, from Kshs 804.7 bn in Q1’2025, coupled with a 7.5% increase in government securities to Kshs 353.7 bn, from Kshs 329.0 bn in Q1’2025.
- Gross Non-Performing Loans (NPLs) decreased by 17.5% to Kshs 109.5 bn, from Kshs 132.8 bn in Q1’2026, while Gross Loans increased by 7.2% to Kshs 948.5 bn, from Kshs 885.1 bn recorded in Q1’2025. Consequently, the asset quality improved, with Gross NPL ratio decreasing to 11.5% in Q1’2026, from 15.0% in Q1’2025.
- Going forward, we expect the bank’s growth to be driven by:

I. **Regional Expansion & Ecosystem Development -** Equity Group's long-term growth trajectory remains intact notwithstanding the current market dislocation. The Group is actively negotiating a majority stake in an Angolan bank, anchoring its entry into Southern Africa along the Lobito Corridor trade route, as it advances toward its 2030 target of operating across 15 African countries and serving 100 million customers

Financial Statements Extracts

Equity Group's PAT is expected to grow at a 5-year CAGR of 6.6%

Income Statement	2021	2022	2023	2024	2025	2026f
Net Interest Income	68.8	86.0	104.8	108.7	126.9	161.2
Non Funded Income	44.6	59.9	76.9	85.1	90.8	101.1
Total Operating Income	113.4	145.9	181.7	193.8	217.7	262.3
Loan Loss Provision	(5.8)	(15.4)	(35.6)	(20.2)	(14.5)	(16.0)
Other Operating Expenses	(55.7)	(70.7)	(94.2)	(112.9)	(111.1)	(132.4)
Total Operating Expenses	**(61.5)**	**(86.1)**	**(129.8)**	**(133.0)**	**(125.6)**	**(148.3)**
Profit Before Tax	51.9	59.8	51.9	60.7	92.1	113.9
Profit After tax	40.1	46.1	43.7	48.8	75.5	75.6
% PAT Change YoY	**99.4%**	**15.1%**	**(5.1%)**	**11.6%**	**54.7%**	**0.0%**
EPS	10.6	12.2	11.6	12.9	20.0	20.0
DPS	3.0	4.0	4.0	4.3	5.8	6.0
Cost to Income	54.2%	59.0%	71.4%	68.7%	57.7%	56.6%
NIM	**6.8%**	**7.2%**	**7.4%**	**7.0%**	**7.8%**	**8.2%**
ROaE	26.6%	26.7%	22.8%	22.1%	27.8%	11.3%
ROaA	3.5%	3.4%	2.7%	2.7%	4.0%	2.2%
Balance Sheet	**2021e**	**2022**	**2023**	**2024**	**2025f**	**2026f**
Net Loans and Advances	587.8	706.6	887.4	819.2	882.5	994.6
Government Securities	228.5	219.2	246.7	300.9	335.3	667.0
Other Assets	488.7	521.2	687.4	684.5	753.2	776.2
Total Assets	**1304.9**	**1447.0**	**1821.4**	**1804.6**	**1971.0**	**2437.7**
Customer Deposits	959.0	1052.2	1358.2	1399.6	1455.1	1679.9
Other Liabilities	169.7	212.6	245.1	158.1	189.7	189.8
Total Liabilities	**1128.7**	**1264.8**	**1603.3**	**1557.8**	**1644.9**	**1869.6**
Shareholders Equity	**169.2**	**176.2**	**207.8**	**234.0**	**309.5**	**551.5**
Number of Shares	**3.8**	**3.8**	**3.8**	**3.8**	**4.8**	**5.8**
Book value Per share	44.8	46.7	55.1	62.0	82.0	146.1
% Change in BPS YoY	**28.0%**	**4.2%**	**17.9%**	**12.6%**	**32.2%**	**78.2%**

Cytonn

Valuation Summary

Equity Group is undervalued with a total potential return of 16.6%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	95.0	40.0%	38.0
Residual Income	67.5	30.0%	20.3
PBV Multiple	107.0	15.0%	16.1
PE Multiple	88.5	15.0%	13.3
Fair Value			**87.5**
Current Price			**80.0**
Upside/(Downside)			9.4%
Dividend Yield			7.2%
Total Potential Return			**16.6%**

Cytonn

II. KCB Group

KCB Group Summary of Performance – Q1'2026

- Profit before tax increased by 15.3% to Kshs 24.4 bn, from Kshs 21.2 bn recorded in Q1'2025, with effective tax rate increasing to 25.5% in Q1'2026, from 21.9% in Q1'2025, leading to an 10.0% increase in profit after tax to Kshs 18.2 bn in Q1'2026, from Kshs 16.5 bn in Q1'2025.
- Total operating income increased by 8.5% to Kshs 53.6 bn, from Kshs 49.4 bn in Q1'2025, mainly driven by an 8.6% growth in Net Interest Income (NII) to Kshs 36.6 bn, from Kshs 33.7 bn in Q1'2025, coupled with an 8.3% increase in Non-Interest income(NFI) to Kshs 17.0 bn from Kshs 15.7 bn in Q1'2025.
- Total operating expense increased by 3.4% to Kshs 29.2 bn in Q1'2026, from Kshs 28.3 bn in Q1'2025, despite the 3.1% decrease in staff costs to Kshs 10.5 bn from Kshs 10.9 bn in Q1'2025. Notably, loan loss provisions expense decreased by 12.4% to Kshs 4.9 bn, from 5.6 bn in Q1'2025.
- The bank's Asset Quality improved, with Gross NPL ratio decreasing to 15.9% in Q1'2026, from 19.9% in Q1'2025, attributable to a 15.0% increase in gross loans to Kshs 1,373.0 bn, from Kshs 1,174.8 bn recorded in Q1'2025 compared to the 6.6% decrease in Gross non-performing loans to Kshs 217.8 bn, from Kshs 233.3 bn in Q1'2025.
- Going forward, we expect the bank's growth to be driven by:

i. **Continued Digitization -** The Group has sustained its focus on digital transformation. As of Q1'2026, transactions done through the non-branch channels mainly driven by rolling out a new unified mobile app featuring easy and fast self-onboarding for account and wallet opening and integrated MMF. Notably, the Group witnessed 25.0% growth in mobile loans disbursement to Kshs 151.0 bn in Q1'2026, equivalent to Kshs 1.7 bn per day.

Financial Statements Extracts

KCB Group’s PAT is expected to grow at a 5-year CAGR of 14.8%

Income Statement	2021	2022	2023	2024	2025	2026f
Net Interest Income	77.7	86.7	107.3	137.3	148.0	205.7
Non Funded Income	30.9	43.3	57.9	67.5	65.8	79.7
Total Operating Income	**108.6**	**129.9**	**165.2**	**204.9**	**213.8**	**285.4**
Loan Loss Provision	13.0	13.2	(33.6)	30.0	32.4	36.4
Other Operating Expenses	47.8	59.4	150.4	92.9	90.5	113.6
Total Operating Expenses	**60.8**	**72.6**	**116.8**	**122.9**	**122.9**	**150.0**
Profit Before Tax	47.8	57.3	48.5	82.0	90.9	135.4
% PAT Change YoY	**74.3%**	**19.5%**	**(8.3%)**	**64.9%**	**10.6%**	**48.9%**
EPS	10.6	12.7	11.7	19.2	21.3	31.7
DPS	3.0	2.0	0.0	3.0	7.0	5.0
Cost to Income (with LLP)	56.0%	55.9%	70.7%	60.0%	57.5%	52.6%
NIM	**8.4%**	**7.5%**	**4.3%**	**7.8%**	**8.6%**	**10.3%**
ROE	21.8%	22.0%	17.5%	24.6%	22.5%	24.1%
ROA	3.2%	3.0%	2.0%	3.0%	3.3%	4.3%
Balance Sheet	**2021**	**2022**	**2023**	**2024**	**2025**	**2026f**
Net Loans and Advances	675.5	863.3	1095.9	990.4	1151.6	1379.8
Government Securities	270.8	278.0	397.2	302.8	333.7	390.6
Other Assets	193.4	412.7	677.7	669.2	661.9	788.9
Total Assets	**1139.7**	**1554.0**	**2170.9**	**1962.3**	**2147.2**	**2559.3**
Customer Deposits	837.1	1135.4	1690.9	1382.0	1592.6	1835.4
Other Liabilities	129.0	212.3	243.6	297.4	214.0	199.3
Total Liabilities	**966.2**	**1347.8**	**1934.5**	**1679.3**	**1806.7**	**2034.6**
Shareholders Equity	**171.7**	**200.2**	**228.3**	**274.9**	**331.5**	**515.1**
Number of Shares	**3.2**	**3.2**	**3.2**	**3.2**	**3.2**	**3.2**
Book value Per share	53.4	62.3	70.8	85.5	103.1	160.3
% Change in BPS YoY	**20.6%**	**16.6%**	**13.6%**	**20.8%**	**20.6%**	**55.4%**

Cytonn

Valuation Summary

KCB Group is undervalued with a total potential return of 14.7%

Valuation Summary	Implied Price	Weighting	Weighted Value
Residual Income	51.0	35%	17.8
PBV Multiple	139.5	15%	20.9
PE Multiple	99.0	10%	9.9
DDM	88.4	40%	35.3
Target Price			**84.0**
Current Price			**73.3**
Upside/(Downside)			14.7%
Dividend Yield			0.0%
Total Return			**14.7%**

Cytonn

III. Co-operative Bank

Cooperative Bank Summary of Performance – Q1’2026

- Profit before tax increased by 18.1% to Kshs 11.4 bn, from Kshs 9.6 bn recorded in Q1’2025, with effective tax rate decreasing to 27.2% in Q1’2026, from 29.0% in Q1’2025, leading to a 21.3% increase in profit after tax to Kshs 8.4 bn in Q1’2026, from Kshs 6.9 bn in Q1’2025
- Core earnings per share grew by 21.3% to Kshs 1.4, from Kshs 1.2 in Q1’2025, driven by the 13.6% increase in total operating income to Kshs 24.1 bn, from Kshs 21.2 bn in Q1’2025. However, the performance was weighed down by an 8.4% increase in total operating expenses to Kshs 12.7 bn from Kshs 11.7 bn in Q1’ 2025.
- The 13.6% increase in total operating income was mainly driven by a 16.3% growth in Non-Interest Income (NFI) to Kshs 8.1 bn, from Kshs 6.9 bn in Q1’2025 and a 12.2% increase in Net-Interest income to Kshs 16.0 bn in Q1’2026, from Kshs 14.2 bn in Q1’2025.
- The bank’s Asset Quality improved slightly, with Gross NPL ratio decreasing by 2.4% to 14.7% in Q1’2026, from 17.1% in Q1’2025, attributable to a 3.6% decrease in Gross non-performing loans to Kshs 71.4 bn, from Kshs 74.1 bn in Q1’2025, relative to the 12.3% increase in gross loans to Kshs 485.1 bn, from Kshs 432.1 bn recorded in Q1’2025.

Going forward, we expect the bank’s growth to be driven by:

- **Strong Customer Base** – Cooperative Bank still retains a loyal yet diverse customer base that includes cooperatives, SMEs, retail customers, and government institutions. We anticipate that the bank will keep leveraging on this base to improve its loan book which expanded by 13.6% to Kshs 436.8 bn from Kshs 384.5 bn in Q1’2025.

- **Diversified products** – The bank has in recent days launched a number of products and continues to simultaneously offer differentiated products for diaspora bankers, micro and small enterprises, home and vehicle insurance, bancassurance and the Sacco Mco-op cash. This diversification is expected to continue improving the Non-funded Income of the bank which came in at 8.1 bn, a 16.3% increase from Kshs 6.9 bn in Q1’2025

Financial Statements Extracts

Cooperative Bank's PAT is expected to grow at a 5-year CAGR of 15.0%

Income Statement	2021	2022	2023	2024	2025	2026F
Interest Income	55.6	61.7	69.1	86.2	93.1	99.8
Interest Expense	(14.6)	(16.2)	(23.8)	(34.7)	(30.3)	(32.6)
Net Interest Income	41.0	45.5	45.2	51.5	62.9	67.2
Non Funded Income	19.4	25.7	26.5	29.1	29.0	36.6
Total Operating Income	**60.4**	**71.3**	**71.7**	**80.6**	**91.9**	**103.8**
Loan Loss Provision	(7.9)	(8.7)	(6.0)	(8.7)	(9.5)	(9.8)
Other Operating Expenses	(30.2)	(33.6)	(33.7)	(38.0)	(42.5)	(46.8)
Total Operating Expenses	**(38.1)**	**(42.2)**	**(39.7)**	**(46.7)**	**(52.0)**	**(56.6)**
Profit Before Tax	22.6	29.4	32.4	34.8	40.3	47.3
Profit After tax	16.5	22.0	23.2	25.5	29.8	33.2
% PAT Change YoY	**42.3%**	**33.2%**	**5.2%**	**9.8%**	**16.9%**	**11.7%**
EPS	2.8	3.8	4.0	4.3	5.1	5.7
DPS	1.0	1.5	1.5	1.5	2.5	3.0
Cost to Income	63.0%	59.3%	55.3%	57.9%	56.6%	54.5%
ROE	17.3%	21.2%	21.0%	19.7%	19.1%	17.4%
ROA	3.0%	3.7%	3.6%	3.6%	3.8%	3.7%
Balance Sheet						
Net Loans and Advances	310.2	339.4	374.2	373.7	421.0	496.6
Government Securities	184.1	173.3	189.0	217.6	244.9	281.4
Other Assets	85.5	94.5	107.9	151.9	161.4	188.5
Total Assets	579.8	607.2	671.1	743.2	827.4	966.5
Customer Deposits	407.7	423.8	451.6	506.1	574.2	659.0
Other Liabilities	71.3	75.4	105.8	91.5	87.1	91.6
Total Liabilities	479.0	499.3	557.5	597.6	661.3	750.6
Shareholders Equity	100.2	107.7	113.6	145.4	165.5	215.6
Number of Shares	5.9	5.9	5.9	5.9	5.9	5.9
Book value Per share	17.1	18.4	19.4	24.8	28.2	36.7
% Change in BPS YoY	**23.4%**	**7.4%**	**5.5%**	**28.0%**	**13.8%**	**30.3%**

Cytonn

Valuation Summary

Co-operative Bank is undervalued with a total potential return of 10.9%

Valuation Summary:	Implied Price	Weighting	Weighted Value
Common Ratio	44.4	40%	17.8
Residual income	26.5	10%	2.6
PBV Multiple	36.5	40%	14.6
PE Multiple	19.1	10%	1.9
Target Price			**36.9**
Current Price			**33.3**
Upside/(Downside)			10.9%
Dividend Yield			0.0%
Total Return			**10.9%**

Cytonn

IV. NCBA Bank

NCBA Bank Summary of Performance – Q1’2026

- Profit before tax increased by 8.8% to Kshs 7.4 bn from Kshs 6.8 bn in Q1’2025, with effective tax rate remaining unchanged at 19.7% from Q1’2025. As such, profit after tax increased by 8.8% to Kshs 6.0 bn, from Kshs 5.5 bn in Q1’2025.
- Core earnings per share increased by 8.8% to Kshs 3.6, from Kshs 3.3 in Q1’2025, mainly driven by the 15.4% increase in total operating income to Kshs 20.0 bn, from Kshs 17.3 bn in Q1’2025, which was weighed down by the 16.6% increase in total operating expenses to Kshs 12.2 bn, from Kshs 10.5 bn in Q1’2025
- The 15.4% increase in total operating income was mainly driven by the 22.0% increase in Net Interest Income to Kshs 12.2 bn, from Kshs 10.0 bn in Q1’2025. Non funded Income (NFI) increased by 6.3% to Kshs 7.8 bn, from Kshs 7.4 bn in Q1’2025
- Total operating expenses increased by 16.6% to Kshs 12.2 bn from Kshs 10.5 bn in Q1’2025, driven by 56.2% increase in loan loss provisions to Kshs 2.5 bn from Kshs 1.6 bn in Q1’2025, coupled with the 13.6% increase in staff costs to Kshs 4.2 bn from Kshs 3.7 bn in Q1’2025 and the 6.4% increase in other operating expenses to Kshs 5.5 bn from Kshs 5.2 bn in Q1’2025.
- The balance sheet recorded an expansion as total assets increased by 13.0% to Kshs 741.1 bn, from Kshs 656.0 bn in Q1’2025, mainly driven by a 13.0% loan book expansion to Kshs 324.4 bn from Kshs 287.0 bn in Q1’2025, this was also supported by 15.6% increase in investment in government securities to Kshs 216.6 bn, from Kshs 187.5 bn in Q1’2025
- The bank’s Asset Quality improved, with Gross NPL ratio reduced by 0.9% points to 11.2% in Q1’2026 from 12.2% in Q1’2025, attributable to the 3.9% increase in gross non-performing loans to Kshs 39.3 bn, from Kshs 37.8 bn in Q1’2025, which was outpaced by the 12.7% increase in gross loans to Kshs 350.4 bn, from Kshs 310.8 bn recorded in Q1’2025
- Going forward, we expect the bank’s growth to be driven by:

i. **Revenue diversification**. The lender has also capitalized on revenue diversification and increasing the bottom line contribution of all the business lines.

ii. **Proposed acquisition by NedBank:** Once this is approved, NCBA will become a subsidiary and it will enable NCBA to have a stronger capital base and have more avenues for regional expansion

Financial Statements Extracts

NCBA Group's PAT is expected to grow at a 5-year CAGR of 18.0%

Income Statement	2021	2022	2023	2024	2025	2026F
Net Interest Income	27.0	30.7	34.6	34.5	44.1	31.3
Non Funded Income	22.1	30.3	29.1	28.2	29.3	28.7
Total Operating Income	**49.2**	**60.9**	**63.7**	**62.7**	**73.3**	**60.0**
Loan Loss Provision	(12.7)	(13.1)	(9.2)	(5.5)	(8.0)	(8.2)
Other Operating Expenses	(20.7)	(24.9)	(29.1)	**(32.2)**	**(37.5)**	(30.7)
Total Operating Expenses	**(33.4)**	**(37.9)**	**(38.2)**	(37.6)	(45.5)	**(38.9)**
Profit Before Tax	15.0	22.5	25.5	**25.1**	**27.9**	21.2
Profit After tax	10.2	13.8	21.5	21.9	23.4	19.2
% PAT Change YoY	**70.6%**	**34.8%**	**55.7%**	**1.9%**	**7.0%**	**(17.8%)**
EPS	6.2	8.4	13.0	13.3	14.2	11.7
DPS	3.0	4.3	4.8	5.5	7.1	5.0
Cost to Income	68.1%	62.2%	60.0%	60.0%	62.1%	64.9%
NIM	5.7%	5.9%	5.9%	5.7%	7.5%	5.3%
ROE	13.6%	17.2%	24.0%	21.2%	19.7%	14.5%
ROA	1.8%	2.3%	3.2%	3.1%	3.4%	2.7%

Balance Sheet	2021	2022	2023	2024	2025	2026F
Net Loans and Advances	244.0	278.9	337.0	302.1	317.2	317.3
Government Securities	196.1	205.4	203.4	180.8	189.1	177.9
Other Assets	151.0	135.4	194.2	183.0	209.8	200.5
Total Assets	591.1	619.7	734.6	665.9	716.0	695.6
Customer Deposits	469.9	502.7	579.4	502.0	531.9	500.2
Other Liabilities	43.2	34.6	58.6	54.2	56.8	57.0
Total Liabilities	513.1	537.2	638.0	556.2	588.6	557.2
Shareholders Equity	77.9	82.4	96.7	109.7	127.5	138.5
Number of Shares	1.6	1.6	1.6	1.6	1.6	1.6
Book value Per share	47.3	50.0	58.7	66.6	77.4	84.0
% Change in BPS YoY	**7.6%**	**5.9%**	**17.3%**	**13.5%**	**16.2%**	**8.6%**

Cytonn

Valuation Summary

NCBA Group is undervalued with a total potential return of 28.9%

	Implied Price	Weighting	Weighted Value
DDM Integrated	114.3	40%	45.7
Residual Valuation	126.1	35%	44.1
PBV Multiple	82.4	20%	16.5
PE Multiple	55.8	5%	2.8
Target Price			**108.9**
Current Price			**90.0**
Upside/(Downside)			21.0%
Dividend Yield			7.9%
Total Potential Return			**28.9%**

Cytonn

V. Standard Chartered Bank Kenya

Cytonn

SCBK's Summary of Performance – Q1'2026

- Core earnings per share decreased by 26.3% to Kshs 3.6 in Q1'2026, from Kshs 4.9 in Q1'2025, mainly driven by the 13.5% decrease in total operating income to Kshs 10.0 bn in Q1'2026 , from Kshs 11.6 bn in Q1'2025, which outpaced a 0.3% marginal decrease in Total Operating expense to Kshs 4.9 bn in Q1'2026, from Kshs 5.0 bn in Q1'2025,
- The 13.5% decline in total operating income was mainly driven by a 23.3% decrease in Net Interest Income to Kshs 6.3 bn in Q1'2026, from Kshs 8.2 bn in Q1'2025. However, Non-Funded Income (NFI) increased by 10.3% to Kshs 3.7 bn in Q1'2026 from Kshs 3.4 bn in Q1'2025,
- Total operating expenses decreased by 0.3% to Kshs 4.9 bn in Q1'2026 from Kshs 5.0 bn in Q1'2025, mainly driven by the 20.7% decrease in loan loss provision to Kshs 0.3 bn in Q1'2026 from Kshs 0.4bn in Q1'2025, The decrease in provisioning comes as a result of the 26.7% decrease in gross non-performing loans to Kshs 8.9 bn in Q1'2026, from Kshs 12.2 bn in Q1'2025. Staff costs however increased by 4.9% to Kshs 2.3 bn in Q1'2026 from Kshs 2.2 bn in Q1'2025
- The balance sheet recorded expansion as total assets increased by 8.1% to Kshs 413.3 bn, from Kshs 382.3 bn in Q1'2026, driven by a 20.0% increase in net loans to Kshs 165.4 bn in Q1'2026 from Kshs 137.9 bn in Q1'2025, coupled with 5.0% increase in Government securities to Kshs 100.4 bn in Q1'2026 from Kshs 95.7 bn in Q1'2025,
- Going forward, we expect the bank's growth to be driven by:

i. **Digital transformation –** The lender has leveraged digital innovation to enhance service delivery, enabling customers to invest in various funds such as offshore mutual funds, government securities, and local money market funds, as well as to access digital loans. This digital shift has significantly contributed to the lender's financial performance. The convenience and speed offered by digital banking services have made it easier for customers to manage their finances and access financial products, leading to higher customer satisfaction and loyalty. Consequently, the lender's adoption of digital solutions has positioned it as a competitive player in the financial market, driving growth and expanding its market share.

Financial Statements Extracts

SCBK's PAT is expected to decline at a 5-year CAGR of 6.7%

Income Statement	2021	2022	2023	2024	2025	2026f
Net Interest Income	18.8	22.2	29.3	33.9	44.6	57.0
Non Funded Income	10.4	11.8	12.4	17.4	13.4	21.8
Total Operating Income	**29.2**	**34.0**	**41.7**	**51.3**	**58.0**	**78.9**
Loan Loss Provision	2.1	1.3	3.4	2.4	2.0	1.8
Other Operating Expenses	14.5	15.5	18.7	20.1	20.5	20.6
Total Operating Expenses	**16.6**	**16.9**	**22.1**	**22.5**	**22.5**	**22.5**
Profit Before Tax	12.6	17.1	19.7	28.2	16.8	26.2
Profit After tax	9.0	12.1	13.8	20.1	12.4	18.0
% PAT Change YoY	**66.2%**	**33.3%**	**14.7%**	**45.0%**	**-38.0%**	**44.9%**
EPS	24.0	32.0	36.7	53.2	33.0	47.8
DPS	14.0	22.0	29.0	45.0	31.0	55.0
Cost to Income	56.8%	49.7%	52.9%	44.3%	60.2%	52.3%
NIM	**6.4%**	**7.0%**	**8.3%**	**9.5%**	**9.5%**	**9.5%**
ROaE	17.4%	22.1%	23.5%	30.1%	18.0%	22.9%
ROaA	2.7%	3.4%	3.4%	4.9%	3.3%	5.0%

Balance Sheet	2021	2022	2023	2024	2025	2026f
Net Loans and Advances	126.0	139.4	163.2	151.6	154.3	129.4
Government Securities	95.6	105.7	69.6	93.7	104.7	91.2
Other assets	113.3	136.2	196.2	139.2	125.5	164.0
Total Assets	**334.9**	**381.3**	**429.0**	**384.6**	**384.6**	**384.6**
Customer Deposits	265.5	278.9	342.9	295.7	283.5	243.3
Other Liabilities	16.2	46.2	24.6	17.1	29.3	69.5
Total Liabilities	**281.7**	**325.1**	**367.4**	**312.8**	**312.8**	**312.8**
Shareholders Equity	**53.2**	**56.1**	**61.5**	**71.8**	**66.3**	**85.5**
Number of shares	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**
Book value Per share	141.2	148.9	163.2	190.4	175.9	226.7
% Change in BPS YoY	**4.6%**	**5.5%**	**9.6%**	**16.6%**	**-7.6%**	**28.8%**

Cytonn

Valuation Summary

SCBK is overvalued with a total potential return of 3.5%

Valuation Summary	Implied Price	Weighting	Weighted Value
DDM Integrated	556.3	40%	222.5
Residual Income	239.7	30%	71.9
PBV Multiple	189.1	15%	28.4
PE Multiple	149.1	15%	22.4
Target Price			**345.1**
Current Price			**333.5**
Upside/(Downside)			3.5%
Dividend Yield			0.0%
Total Return			**3.5%**

VI. Diamond Trust Bank Kenya

DTB-K Holdings Summary of Performance – Q1’2026

- Profit before tax increased by 18.6% to Kshs 4.8 bn in Q1’2026 from Kshs 4.1 bn in Q1’2025, with effective tax rate increasing to 27.6% in Q1’2026, from 20.3% in Q1’2025, leading to a 7.7% increase in profit after tax to Kshs 3.5 bn in Q1’2026, from Kshs 3.2 bn in Q1’2025.
- Core earnings per share (EPS) increased by 7.7% to Kshs 12.4 in Q1’2026 from Kshs 11.5 in Q1’2025, driven by the 21.2% growth in total operating income to Kshs 12.9 bn from Kshs 10.7 bn in Q1’2025, but was however weighed down by the 22.9% increase in total operating expenses to Kshs 8.1 bn from Kshs 6.6 bn.
- The 21.2% increase in total operating income was mainly driven by a 30.9% growth in Net Interest Income (NII) to Kshs 10.0 bn, from Kshs 7.7 bn in Q1’2025. However, this was weighed down by a 3.2% decline in Non-Funded Income (NFI) to Kshs 2.9 bn, from Kshs 3.0 bn in Q1’2025.
- Total operating expenses increased by 22.9% to Kshs 8.1 bn in Q1’2026 from Kshs 6.6 bn, driven by an 151.8% increase in loan loss provisions to Kshs 2.2 bn from Kshs 0.9 bn and a 5.4% increase in staff costs to Kshs 2.9 bn from Kshs 3.0 bn in Q1’2026.
- The bank’s Asset Quality improved, with the gross NPL ratio declining by 1.5% points to 11.8% in Q1’2026 from 13.2% in Q1’2025, as gross loans increased by 15.5% to Kshs 346.5 bn in Q1’2026 from Kshs 300.1 bn in Q1’2025, outpacing the 2.8% increase in gross non-performing loans to Kshs 40.8 bn in Q1’2026 from Kshs 39.7 bn in Q1’2025.

Going forward, we expect the bank’s growth to be driven by:

- **Revenue Diversification**: The lender has an opportunity to grow its non-funded income streams, which declined by 3.2% to Kshs 2.9 bn, from Kshs 3.0 bn in Q1’2025. Over the years, DTB has launched various products and continues to offer differentiated solutions for diaspora clients, micro and small enterprises, home and vehicle insurance, bancassurance, and the DTB Weza platform, which makes overdrafts more accessible,
- **Digital Transformation**: The bank has developed digital initiatives, including a digital credit platform to streamline and enhance consumer lending processes. The rollout of a comprehensive digital banking platform with advanced mobile and online banking capabilities would improve customer convenience, attract tech-savvy clients, and boost retention. Combined with leveraging data analytics to optimize decision-making and enhance customer engagement, these initiatives position the bank to remain competitive in an increasingly digital financial landscape while unlocking new revenue streams and expanding market share.

Financial Statements Extracts

DTB K Holdings PAT is expected to grow at a 5-year CAGR of 21.6%

Income Statement	2021	2022	2023	2024	2025	2026f
Net Interest Income	20.0	22.9	27.6	28.1	34.9	39.0
Non Funded Income	6.3	9.1	12.2	13.0	11.8	11.8
Total Operating Income	**26.3**	**31.9**	**39.7**	**41.1**	**46.7**	**50.8**
Loan Loss Provision	7.6	7.1	10.3	8.7	10.0	11.4
Other Operating Expenses	12.3	14.9	20.5	21.2	22.8	23.6
Total Operating Expenses	**19.9**	**22.1**	**30.9**	**29.9**	**32.7**	**35.0**
Profit Before Tax	6.6	9.5	9.0	11.1	13.4	16.4
Profit After tax	4.4	6.8	7.8	8.8	10.7	11.7
% PAT Change YoY	**25.1%**	**53.9%**	**14.7%**	**13.1%**	**21.4%**	**9.6%**
EPS	15.8	24.3	24.6	27.3	33.7	42.0
DPS	3.0	5.0	6.0	7.0	9.0	9.0
Cost to Income	75.6%	69.1%	77.7%	72.8%	70.1%	69.0%
NIM	**5.1%**	**5.3%**	**5.5%**	**5.4%**	**6.7%**	**6.7%**
ROE	6.8%	10.0%	10.8%	11.3%	11.7%	10.5%
ROA	1.0%	1.4%	1.3%	1.5%	1.7%	1.7%
Balance Sheet	**2021**	**2022**	**2023**	**2024**	**2025**	**2026f**
Net Loans and Advances	220.4	253.7	308.5	285.3	324.2	371.9
Government Securities	83.3	73.5	58.5	44.5	24.5	27.3
Other Assets	153.1	199.8	268.0	244.1	310.5	343.6
Total Assets	**456.8**	**527.0**	**635.0**	**573.9**	**659.1**	**742.7**
Customer Deposits	331.5	387.6	486.1	447.2	509.1	569.6
Other Liabilities	50.8	61.8	62.6	34.3	36.9	39.0
Total Liabilities	**382.3**	**449.3**	**548.7**	**481.5**	**546.1**	**608.6**
Shareholders Equity	67.3	69.0	74.9	81.8	101.1	122.1
Number of Shares	0.3	0.3	0.3	0.3	0.3	0.3
Book value Per share	240.7	246.6	267.8	292.5	361.6	436.7
% Change in BPS YoY	**8.6%**	**2.5%**	**8.6%**	**9.2%**	**23.6%**	**20.8%**

Cytonn

Valuation Summary

DTB-K Holdings is undervalued with a total potential return of 13.9%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM Integrated	112.1	30.0%	33.6
Residual Income	197.5	45.0%	88.9
PBV Multiple	154.1	15.0%	23.1
PE Multiple	158.3	10.0%	15.8
Target Price			**161.4**
Current Price			**141.8**
Upside/(Downside)			13.9%
Dividend yield			0.0%
Total return			**13.9%**

Cytonn

VII. ABSA Bank Kenya

ABSA Bank’s Summary of Performance – Q1’2026

- Core earnings per share declined by 13.9% to Kshs 1.0 , from Kshs 1.1 in Q1’2026, driven by the 7.1% decrease in total operating income to Kshs 14.7 bn, from Kshs 15.8 bn in Q1’2025, coupled with 2.4% increase in total operating expense to Kshs 7.2 bn from Kshs 7.0 bn in Q1’2025.
- The 7.1% decrease in total operating income was mainly driven by a 7.9% decline in net interest income to Kshs 10.4 bn, from Kshs 11.3 bn in Q1’2025, coupled with 5.2% decrease in net non-interest income to Kshs 4.3 bn in Q1’2026, from Kshs 4.5 bn in Q1’2025. Total operating expense increased by 2.4% to Kshs 7.2 bn, from Kshs 7.0 bn in Q1’2025, mainly attributable to 33.8% increase in staff cost to Kshs 3.9 bn, from Kshs 2.9 bn in Q1’2025.
- The balance sheet recorded expansion as total assets increased by 9.8% to Kshs 571.3 bn, from Kshs 520.2 bn in Q1’2026, mainly driven by 21.2% increase Government securities to Kshs 174.5 bn, from 144.0 bn in Q1’2025.
- The bank’s Asset Quality improved, with Gross NPL ratio decreasing to 11.6% in Q1’2026, from 13.1% in Q1’2025, attributable to a 13.5% decrease in Gross non-performing loans to Kshs 38.1 bn, from Kshs 44.0 bn in Q1’2025, relative to the 2.3% decrease in gross loans to Kshs 38.1 bn, from Kshs 44.0 bn recorded in Q1’2025.

Going forward, the factors that would drive the bank’s growth would be:

i. **Strong Customer Base** Absa Bank retains a loyal yet diverse customer base that includes cooperatives, SMEs, retail customers, and government institutions. We anticipate that the bank will keep leveraging on this base to improve its loan book which this year decreased by 1.5% to Kshs 303.8 bn from Kshs 308.4 bn in Q1’2025.

ii. Diversified products– The bank has continued to leverage digital transformation as a strategy to enhance financial services and customer experience. This expansion in digital distribution has led to an increase in digital loan disbursements and growth in consumer business through the Timiza digital platform, significantly contributing to its financial performance. Additionally, the lender's subsidiary divisions, particularly asset management and insurance, not only diversifys the bank's revenue streams but also provide additional value- added services to customers, enhancing overall client retention and satisfaction.

Financial Statements Extracts

Absa Bank's PAT is expected to grow at a 5-year CAGR of 17.6%

Income Statement	2021	2022	2023	2024	2025	2026f
Net Interest Income	25.3	32.3	40.0	46.2	43.3	43.8
Non Funded Income	11.7	13.7	14.5	16.1	18.1	18.5
Total Operating Income	**36.9**	**46.0**	**54.6**	**62.3**	**61.4**	**62.4**
Loan Loss Provision	(4.7)	(6.5)	(9.2)	(9.1)	(6.2)	(6.3)
Other Operating Expenses	(16.7)	(18.7)	(21.6)	(10.5)	(0.8)	(1.1)
Total Operating Expenses	**(21.4)**	**(25.1)**	**(30.9)**	**(30.9)**	**(7.0)**	**(7.4)**
Profit Before Tax	15.5	20.8	23.7	29.7	54.4	54.9
Profit After tax	**10.9**	**14.6**	**16.4**	**20.9**	**44.5**	**38.9**
% PAT Change YoY	**161.2%**	**34.2%**	**12.2%**	**27.5%**	**113.4%**	**-12.7%**
EPS	2.0	2.7	3.0	3.8	8.2	7.2
DPS	1.1	1.4	1.6	1.8	2.1	3.0
Cost to Income	57.9%	54.7%	56.6%	52.3%	11.4%	11.9%
NIM	**7.1%**	**8.2%**	**9.1%**	**10.1%**	**9.1%**	**8.1%**
ROaE	21.1%	24.3%	24.6%	27.0%	49.8%	29.7%
ROaA	2.7%	3.2%	3.3%	4.1%	8.7%	6.8%

Balance Sheet	2021	2022	2023	2024	2025	2026f
Net Loans and Advances	234.2	283.6	335.7	309.1	312.2	319.2
Government Securities	132.6	133.5	95.2	130.6	157.7	164.3
Other Assets	61.9	60.2	88.9	66.8	50.4	137.9
Total Assets	**428.7**	**477.2**	**519.8**	**506.5**	**520.2**	**621.3**
Customer Deposits	268.7	303.8	362.7	367.1	376.4	385.9
Other Liabilities	103.5	109.9	87.9	54.2	51.3	67.5
Total Liabilities	**372.2**	**413.6**	**450.6**	**421.3**	**427.7**	**453.4**
Shareholders Equity	**56.4**	**63.6**	**69.2**	**85.2**	**93.5**	**167.9**
Number of shares	**5.4**	**5.4**	**5.4**	**5.4**	**6.4**	**7.4**
Book value Per share	10.4	11.7	12.7	15.7	17.2	30.9
% Change in BPS YoY	**21.4%**	**36.8%**	**22.6%**	**23.1%**	**35.2%**	**97.0%**

Cytonn

Valuation Summary

Absa Bank is undervalued with a total potential return of 16.3%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM	47.7	40%	19.1
Residual Income	30.9	35%	10.8
PBV Multiple	23.8	20%	4.8
PE Multiple	21.7	5%	1.1
Target Price			**35.8**
Current Price			**30.8**
Upside/(Downside)			16.3%
Dividend Yield			0.0%
Total Return			**16.3%**

Cytonn

VIII. Stanbic Holdings

Cytonn

Stanbic Holdings' Summary of Performance – Q1'2026

- Core earnings per share increased by 5.5% to Kshs 8.9 bn in Q1'2026 from the Kshs 8.4 bn recorded in in Q1'2025, mainly driven by the 7.8% decrease in total operating expense to Kshs 5.0 bn in Q1'2026, from Kshs 5.5 bn in Q1'2025 coupled with the 4.3% increase in total operating income to Kshs 10.0 bn in Q1'2026, from Kshs 9.5 bn in Q1'2025
- The 4.3% increase in Total Operating Income was driven by a 13.8% decrease in Non-Interest Income to Kshs 2.4 bn in Q1'2026, from Kshs 2.8 bn in Q1'2025 coupled with the 11.7% increase in Net-Interest income to Kshs 7.6 bn in Q1'2026, from Kshs 6.8 bn in Q1'2025.
- Total operating expense decreased by 7.8% to Kshs 5.0 bn in Q1'2026, from Kshs 5.5 bn in Q1'2025, mainly attributable to 59.1% decrease in loan loss provision to Kshs 0.4 bn in Q1'2026, from Kshs 0.9 bn in Q1'2025
- The balance sheet recorded an expansion as total assets increased by 22.6% to Kshs 551.2 bn in Q1'2026, from Kshs 450.1 bn in Q1'2025, mainly driven by a 5.8% increase in net loans and advances to customers to Kshs 258.2 bn in Q1'2026, from 244.0 bn in Q1'2025. Government securities increased by 69.5% to Kshs 137.4 bn in Q1'2026, from Kshs 81.0 bn in Q1'2025. Total liabilities increased by 25.4% to Kshs 478.3 bn in Q1'2026 from Kshs 381.5 bn in Q1'2025, mainly driven by a 21.7% increase in customer deposits to Kshs 411.0 bn in Q1'2026 from Kshs 338.0 bn in Q1'2025.
- The bank's Asset Quality improved, with Gross NPL ratio decreasing to 8.4% in Q1'2026, from 8.7% in Q1'2025, attributable to the 1.6% increase in Gross non-performing loans to Kshs 23.3 bn, from Kshs 22.8 bn in Q1'2025, relative to the 5.9% increase in gross loans to Kshs 278.1 bn, from Kshs 262.6 bn recorded in Q1'2025, Going forward, the factors that would drive the bank's growth would be:

i. **Digital transformation.** The lender has capitalized on digital innovation for service delivery to improve its operational efficiency, which has been a key factor in its financial performance. The lender upgraded their T24 core banking system to improve client's experiences. Additionally,the lender is adopting use of Artificial Intelligence in its operations and it rolled out Intelligence Automation framework with 17 bots successfully deployed across multiple business functions.

Financial Statements Extracts

Stanbic Holdings' PAT is expected to grow at a 5-year CAGR of 16.9%

Income Statement	2021	2022	2023	2024	2025	2026f
Net Interest Income	14.4	18.9	25.6	24.3	24.1	20.4
Non Funded Income	10.6	13.1	15.7	15.4	14.4	17.3
Total Operating Income	**25.0**	**32.1**	**41.3**	**39.7**	**38.5**	**37.6**
Loan Loss Provision	(2.5)	(4.9)	(6.2)	(3.1)	(1.6)	1.9
Total Operating Expenses	**(12.7)**	**(19.9)**	**(24.2)**	**(20.8)**	**(19.6)**	**(15.6)**
Profit Before Tax	9.8	12.2	17.1	19.0	18.9	22.0
Profit after Tax	7.2	9.1	12.2	13.7	13.7	15.7
% PAT Change YoY	**38.8%**	**25.7%**	**68.7%**	**51.4%**	**12.8%**	**14.7%**
EPS	18.2	22.9	30.8	34.7	34.7	39.8
DPS	9.0	12.6	14.2	20.7	22.4	20.0
Cost to Income (with LLP)	0.6	62.1	0.6	0.5	0.5	0.4
NIM	**5.0%**	**5.7%**	**6.9%**	**5.9%**	**5.7%**	**4.2%**
ROaE	13.3%	15.3%	18.6%	19.1%	18.8%	17.9%
ROaA	2.2%	2.5%	2.8%	3.0%	2.7%	2.7%
Balance Sheet	**2021**	**2022**	**2023**	**2024**	**2025**	**2026f**
Net Loans and Advances	229.3	266.8	260.5	230.3	270.0	328.7
Other Assets	99.6	133	198.8	224.5	271.2	311.3
Total Assets	**328.9**	**399.8**	**459.3**	**454.8**	**541.3**	**640.0**
Customer Deposits	254.6	304.3	330.9	321.6	384.2	467.7
Borrowings	5.7	10.1	12.7	10.5	13.0	18.3
Other Liabilities	12.1	23.2	47.1	47.4	63.9	57.9
Total Liabilities	**272.4**	**337.6**	**390.7**	**379.4**	**461.1**	**543.9**
Shareholders Equity	56.5	62.2	68.6	75.4	80.1	96.1
No of Ordinary Shares	0.4	0.4	0.4	0.4	0.4	0.4
Book value Per share	142.8	157.3	171.4	188.5	200.4	240.2
% Change in BVPS	**9.1%**	**2.0%**	**9.0%**	**10.0%**	**6.3%**	**19.9%**

Cytonn

Valuation Summary

Stanbic Holdings is overvalued with a total potential negative return of 10.6%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM Integrated	321.8	40%	128.7
Residual Income	207.7	35%	72.7
PBV Multiple	225.1	15%	33.8
PE Multiple	231.4	10%	23.1
Target Price		**258.3**	
Current Price		**289.0**	
Upside/(Downside)			(10.6%)
Dividend Yield			0.0%
Total return			**(10.6%)**

Cytonn

IX. I&M Group

I&M Group Summary of Performance – FY'2025

- Profit before tax increased by 22.4% to Kshs 24.2 bn, from Kshs 19.8 bn recorded in FY'2024, with effective tax rate decreasing by 1.4% points to 18.0% from the 19.3% recorded in FY'2024, leading to a 24.5% increase in profit after tax to Kshs 19.8 bn in FY'2025, from Kshs 15.9 bn in FY'2024.
- Total operating expense increased by 16.3% to Kshs 36.9 bn in FY'2024, from Kshs 31.7 bn in FY'2024, mainly attributable to 20.3% increase in staff cost expense to Kshs 10.9 bn, from Kshs 9.1 bn in FY'2024, coupled with the 16.6% increase in other operating expenses to 17.3 bn from 14.9 in FY'2024. Notably, loan loss provision increased by 11.1% to Kshs 8.7 bn, from 7.8 bn in FY'2024,
- The balance sheet recorded an expansion as total assets increased by 15.1% to Kshs 668.9 bn, from Kshs 580.9 bn in FY'2024, mainly driven by a 55.5% increase in governments securities holdings to Kshs 159.4 bn, from 102.5 bn in FY'2024, coupled with a 6.5% increase in net loans and advances to Kshs 306.3 bn, from Kshs 287.5 bn in FY'2024.
- Gross Non-Performing Loans (NPLs) decreased by 911.5% Kshs 31.4 bn, from Kshs 35.3 bn in FY'2024, while Gross Loans increased by 6.2% to Kshs 328.8 bn, from Kshs 309.6 bn recorded in FY'2024. Consequently, the asset quality improved, with Gross NPL ratio decreasing to 9.6% in FY'2025, from 11.5% in FY'2024.

- Going forward, we expect the bank's growth to be driven by:

i. **The Ni Sare Strategy** - The Group has leveraged digital innovation as a primary distribution channel through its Ni Sare proposition, which offers zero-fee transactions, particularly from bank accounts to M-Pesa. This initiative significantly lowers barriers to entry and attracts a broader, younger customer base while increasing transaction volumes across its platforms.

ii. **Strategic SME Growth** - The Group has structured its SME segment as a comprehensive financial ecosystem rather than a traditional lending portfolio. By onboarding small and medium enterprises digitally and linking them to multiple banking services, providing working capital financing, payments processing, and cashflow management I&M captures multiple revenue streams from each client.

Financial Statements Extracts

I&M Group's PAT is expected to grow at a 5-year CAGR of 26.7%

Income Statement	2021	2022	2023	2024	2025	2026F
Net Interest Income	20.9	22.9	28.6	39.6	46.0	55.3
Non- Funded Income	8.7	12.7	14.1	11.0	14.4	27.5
Total Operating Income	**29.6**	**35.7**	**42.7**	**50.6**	**60.3**	**82.8**
Loan Loss Provision	(4.2)	(5.2)	(6.9)	(7.8)	(8.7)	(10.2)
Other Operating Expenses	(13.5)	(16.1)	(20.3)	(23.9)	(28.2)	(37.0)
Total Operating Expenses	**(17.7)**	**(21.3)**	**(27.2)**	**(31.7)**	**(36.9)**	**(47.1)**
Profit Before Tax	12.4	15.0	16.7	19.8	24.2	36.5
Profit After Tax	8.6	11.6	13.3	15.9	19.8	24.7
% PAT Change YoY	**2.5%**	**34.3%**	**15.2%**	**19.4%**	**24.5%**	**24.3%**
EPS	5.2	7.0	7.6	8.9	10.8	14.9
DPS	1.5	2.3	2.6	3.0	3.9	8.0
Cost to Income	59.9%	59.8%	63.7%	62.7%	61.2%	56.9%
NIM	6.3%	6.7%	7.0%	8.1%	8.5%	9.9%
ROaE	12.2%	14.4%	15.0%	16.2%	17.8%	16.4%
ROaA	2.1%	2.6%	2.6%	2.7%	3.2%	3.1%
Balance Sheet	**2021**	**2022**	**2023**	**2024**	**2025**	**2026F**
Government securities	125.5	68.1	78.1	102.5	159.4	202.4
Net Loans and Advances	210.6	238.6	311.3	287.5	306.3	389.0
Other Assets	79.0	130.6	190.3	190.9	203.2	311.4
Total Assets	**415.2**	**437.3**	**579.7**	**580.9**	**668.9**	**902.9**
Customer Deposits	296.7	312.3	416.7	412.2	483.9	614.7
Other Liabilities	44.4	43.4	67.3	67.8	63.0	96.2
Total Liabilities	**341.1**	**355.7**	**484.0**	**480.0**	**546.9**	**710.8**
Shareholders Equity	69.6	76.5	88.2	93.8	115.2	185.2
Number of Shares	1.7	1.7	1.7	1.7	1.7	1.7
Book Value Per Share	42.1	46.3	53.3	56.7	69.6	112.0
% BVPS Change YoY	**(45.8%)**	**9.9%**	**15.2%**	**6.4%**	**22.8%**	**60.8%**

Cytonn

Valuation Summary

I&M Group is undervalued with a total potential return of 24.7%

Valuation Summary:	Implied Price	Weighting	Weighted Value
DDM Integrated	61.4	40.0%	24.6
Residual income	36.6	40.0%	14.6
PBV Multiple	75.1	10.0%	7.5
PE Multiple	67.8	10.0%	6.8
Target Price			**56.66**
Current Price			**48.45**
Upside/(Downside)			16.9%
Dividend yield			7.7%
Total return			**24.7%**

Cytonn

B. Tier II Bank

Cytonn

I. HF Group

HF Group Summary of Performance – Q1'2026

- Profit before tax increased by 80.5% to Kshs 0.6 bn, from Kshs 0.3 bn recorded in Q1'2025. With the effective tax rate relatively unchanged at 2.5% in Q1'2026 from Q1'2025, profit after tax grew by 45.0% to Kshs 0.5 bn from Kshs 0.3 bn in Q1'2025.
- The total operating income increased by 29.7% to Kshs 1.8 bn from Kshs 1.4 bn in Q1'2025, mainly driven by a 27.9% growth in Net Interest Income (NII) to Kshs 1.3 bn, from Kshs 1.0 bn in Q1'2025, coupled with the 33.9% increase in Non- Interest Income (NFI) to Kshs 0.6 bn from Kshs 0.4 bn in Q1'2025.
- Total operating expense increased by 13.8% to Kshs 1.2 bn in Q1'2026, from Kshs 1.1 bn in Q1'2025, mainly attributable to 12.4% increase in loan loss provision to Kshs 0.11 bn in Q1'2026, from Kshs 0.10 bn in Q1'2025
- The balance sheet recorded an expansion as total assets increased by 23.3% to Kshs 90.5 bn, from Kshs 73.4 bn in Q1'2025,
- The bank's asset quality improved, as the Gross NPL ratio declined to 17.2% in Q1'2026 from 25.2% in Q1'2025. This was supported by a 30.7% growth in gross loans to Kshs 62.1 bn from Kshs 47.5 bn in Q1'2025, compared to the 10.8% decline in gross non-performing loans to Kshs 10.7 bn from Kshs 12.0 bn in Q1'2025.

- Going forward, we expect the bank's growth to be driven by:

i. **Capital injection through rights issue** - The Group successfully raised Kshs 6.0 bn in 2024 via a rights issue. This capital boosted HF Group's financial position, enabling further investment in growth initiatives. The capital raised was for product expansion, technological advancements and for regulatory compliance requiring banks to increase their capital base to Kshs 10.0 bn by 2028. The successful completion of the rights issue positioned HF Group to implement its growth strategies effectively and navigate the evolving financial landscape.

Financial Statements Extracts

HF's PAT is expected to grow at a 5-year CAGR of 48.8%

Income Statement	2022	2023	2024	2025	2026f
Net Interest Income	2.2	2.5	2.7	4.4	4.9
Non- Funded Income	0.9	1.2	1.5	1.8	0.4
Total Operating Income	**3.0**	**3.8**	**4.2**	**6.2**	**5.3**
Loan Loss Provision	(0.2)	(0.3)	(0.4)	(0.4)	(0.1)
Other Operating Expenses	(2.6)	(3.2)	(3.4)	(4.7)	(2.4)
Total Operating Expenses	**(2.8)**	**(3.5)**	**(3.7)**	1.6	**(2.6)**
Profit Before Tax	0.2	0.3	0.5	**1.4**	2.7
Profit After Tax	0.1	0.2	0.5	1.4	1.9
% PAT Change YoY	**(138.9%)**	**46.2%**	**35.2%**	**171.1%**	**34.4%**
EPS	0.7	1.0	0.9	0.8	1.0
DPS	0.0	0.0	0.0	-	0.0
Cost to Income	93.5%	92.0%	89.5%	75.9%	48.4%
NIM	**5.0%**	**5.4%**	**5.0%**	**6.9%**	7.4%
ROaE	3.1%	4.4%	4.3%	4.3%	11.8%
ROaA	0.5%	0.7%	0.8%	1.1%	2.7%
Balance Sheet	**2022**	**2023**	**2024**	**2025**	**2026f**
Net Loans and Advances	36.3	38.8	38.9	41.1	49.0
Government securities	8.5	9.7	17.0	28.3	22.8
Other Assets	12.2	13.1	14.3	13.0	13.2
Total Assets	**57.0**	**61.6**	**70.1**	**82.4**	**84.9**
Customer Deposits	39.8	43.8	47.5	55.9	55.3
Other Liabilities	8.4	8.8	7.0	8.8	10.0
Total Liabilities	**48.2**	**52.7**	**54.5**	**64.7**	**65.3**
Shareholders Equity	8.8	8.9	15.7	17.7	19.6
Number of Shares	0.4	0.4	1.9	1.9	1.9
Book Value Per Share	22.8	23.0	8.3	9.4	10.4
% BVPS Change YoY	**6.0%**	**0.9%**	**(64.6%)**	**13.3%**	**10.8%**

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Valuation Summary

Housing Finance is undervalued with a total potential return of 12.8%

Valuation Summary:	Implied Price	Weighting	Weighted Value
Residual Income	18.3	60%	11.0
PTBV Multiple	6.7	35%	2.3
PE Multiple	6.4	5%	0.3
Fair Value			**10.6**
Current Price			**9.4**
Upside/(Downside)			12.8%
Dividend Yield			0.0%
Total return			***12.8%***

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Feedback Summary

During the preparation of this Q1'2026 Banking Sector Report, we shared with the subject companies the operating metrics that were used in the Report for their confirmation and verification

- Below is a summary of the banks we were able to acquire feedback from and those that went unresponsive:

Bank	Operating Metrics Shared	Sent Feedback
Co-operative Bank of Kenya	Yes	Yes
Standard Chartered Bank Kenya	Yes	Unresponsive
I&M Group	Yes	Unresponsive
Stanbic Holdings	Yes	Unresponsive
Diamond Trust Bank	Yes	Unresponsive
KCB Group	Yes	Yes
NCBA Group	Yes	Unresponsive
Housing Finance Group	Yes	Unresponsive
Equity Group Holdings	Yes	Unresponsive
Absa Bank Kenya	Yes	Yes

Licensed Financial Institutions

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I. Banks and Mortgage Finance Institutions

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Licensed Banks in Kenya

#	Bank	#	Bank
1	ABSA Bank Kenya	20	Gulf African Bank Limited
2	Access Bank Kenya	21	Habib Bank A.G Zurich
3	African Banking Corporation Limited	22	I&M Bank Limited
4	Bank of Africa Kenya Limited	23	Kingdom Bank Kenya Limited
5	Bank of Baroda (Kenya) Limited	24	KCB Bank Kenya Limited
6	Bank of India	25	Mayfair CIB Bank Limited
7	Citibank N.A Kenya	26	Middle East Bank (K) Limited
8	Consolidated Bank of Kenya Limited	27	M-Oriental Bank Limited
9	Co-operative Bank of Kenya Limited	28	National Bank of Kenya Limited
10	Credit Bank Limited	29	NCBA Bank Kenya PLC
11	Development Bank of Kenya Limited	30	Paramount Bank Limited
12	Diamond Trust Bank Kenya Limited	31	HF Group Limited
13	DIB Bank Kenya Limited	32	Prime Bank Limited
14	Ecobank Kenya Limited	33	SBM Bank Kenya Limited
15	Equity Bank Kenya Limited	34	Sidian Bank Limited
16	Family Bank Limited	35	Stanbic Bank Kenya Limited
17	First Community Bank Limited	36	Standard Chartered Bank Kenya Limited
18	Guaranty Trust Bank (K) Ltd	37	UBA Kenya Bank Limited
19	Guardian Bank Limited	38	Victoria Commercial Bank Limited

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Licensed Banks in Kenya

Licensed Mortgage Finance Institution

1. HFC Limited

Authorized Non-operating Bank Holding Companies

1. Bakki Holdco Limited
2. Equity Group Holdings Limited
3. HF Group Limited
4. I&M Group
5. KCB Group
6. M Holdings Limited
7. NCBA Group
8. Stanbic Group Holdings

II. Micro-Finance Institutions

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Licensed Microfinance Banks in Kenya

#	Microfinance Bank	#	Microfinance Bank
1	Caritas Microfinance Bank Limited	8	Lolc Microfinance Bank Limited
2	Branch Microfinance Bank Limited	9	SMEP Microfinance Bank Limited
3	Choice Microfinance Bank Limited	10	Sumac Microfinance Bank Limited
4	Daraja Microfinance Bank Limited	11	U & I Microfinance Bank Limited
5	Faulu Microfinance Bank Limited	12	Salaam Microfinance Bank Ltd
6	Kenya Women Microfinance Bank Limited	13	Maisha Microfinance Bank Limited
7	Rafiki Microfinance Bank Limited	14	Muungano Microfinance Bank PLC

Source : CBK

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Thank You!

For More Information

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For more information or any further clarification required, kindly contact the research team at invteam@cytonn.com

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