

KINGDOM SECURITIES

Q1 2026

MARKET REVIEW

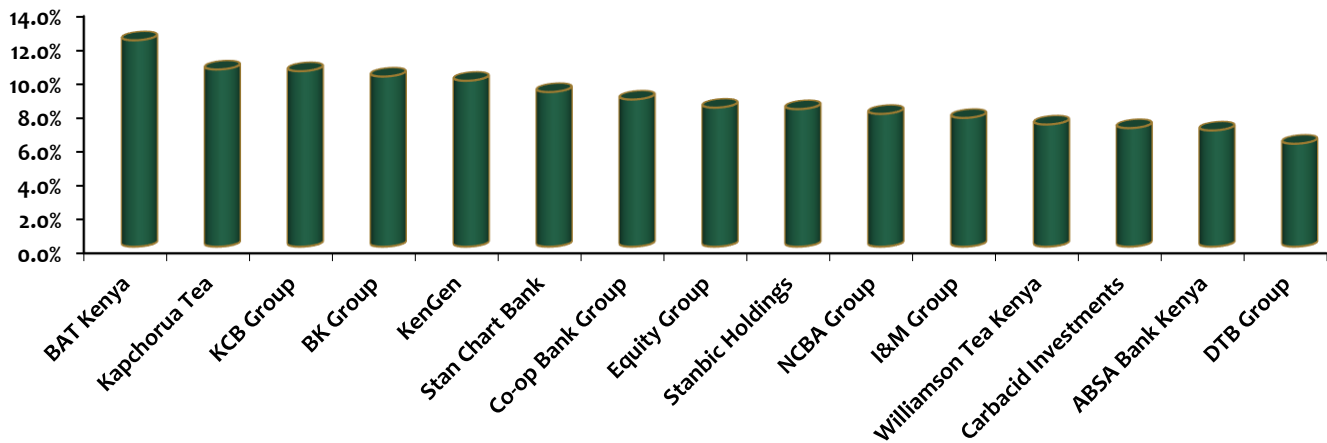


The Economy in Numbers

The first quarter—particularly the final month—is typically busy on account of the earnings season, and this year was no different. However, it was also marked by an Initial Public Offer that drew significant attention—not out of excitement, but concerns around pricing. The KPC IPO ultimately came in slightly oversubscribed printing at 105.7% following an extension, which the government attributed to investors seeking additional time to submit bids. Applications were approximately worth 4.9Bn shares against 4.6Bn shares on offer, valued at about Kes 11.37Bn. Allocation favored institutional and East African investors.

On the earnings front, the banking sector delivered strong results, with Equity Group Holdings posting the highest profits ever recorded in the East African region. All listed banks, save for HF Group, declared dividends, and notably, all except Standard Chartered Bank Kenya increased their total payouts. See below highlights of the highest dividend yields at the bourse:

2025 Annual Dividend Yield (as of 7th April 2026)



Source: Fitch, Moody's | Chart: KSL

The quarter closed with a bang, as fresh geopolitical tensions, particularly involving Iran, added a new layer to the evolving conflict landscape. These developments are steadily rewriting the economic outlook, both locally and globally. Should the conflict persist, we risk a return to the inflationary pressures witnessed in 2022/2023, which would likely force policymakers into a tighter stance—either holding rates for longer or considering hikes. The domestic picture complicates matters further. The fiscal deficit continues to widen, necessitating increased borrowing, even as we edge closer to an electioneering period where expenditure pressures typically rise. At the same time, revenue collections are underperforming, tightening the policy space even further.

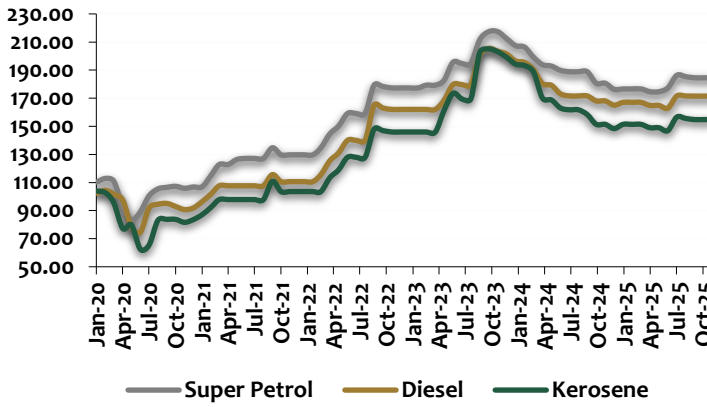
We could use many words, but at this point, the numbers speak louder. And they are telling a compelling story:

Period	Inflation	Benchmark Rate	PMI	FX Reserves (\$ Bn)	USD/KES	Domestic Debt	Fuel Prices		
							Petrol	Diesel	Kerosene
1Q25	3.46%	10.75%	50.93	9.96	129.32	6.13	176.58	167.05	151.38
4Q25	4.50%	9.00%	53.73	12.39	129.01	6.84	184.52	171.47	154.78
1Q26	4.35%	8.75%	50.00	14.00	129.93	7.15	178.28	166.54	152.78
Y/Y Change	0.89%	-2.00%	-1.83%	40.64%	0.47%	16.75%	0.96%	-0.31%	0.92%
Q/Q Change	-0.15%	-0.25%	-6.95%	12.97%	0.71%	4.62%	-3.38%	-2.88%	-1.29%

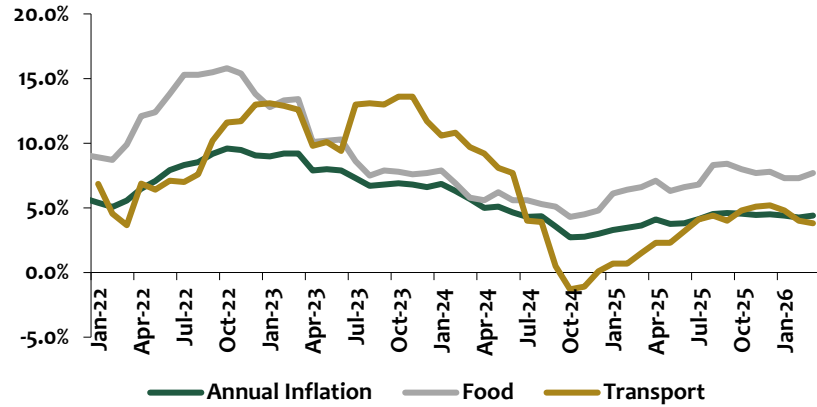
Source: CBK, KNBS, Stanbic Bank Kenya | Table: KSL

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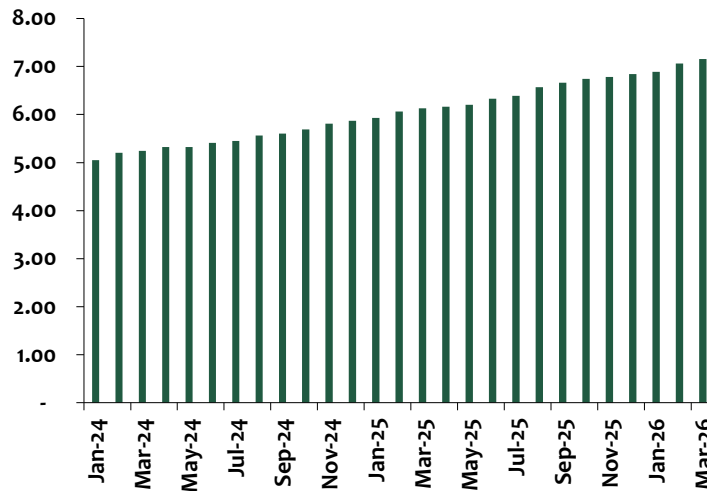
Fuel Prices (KES/Litre)



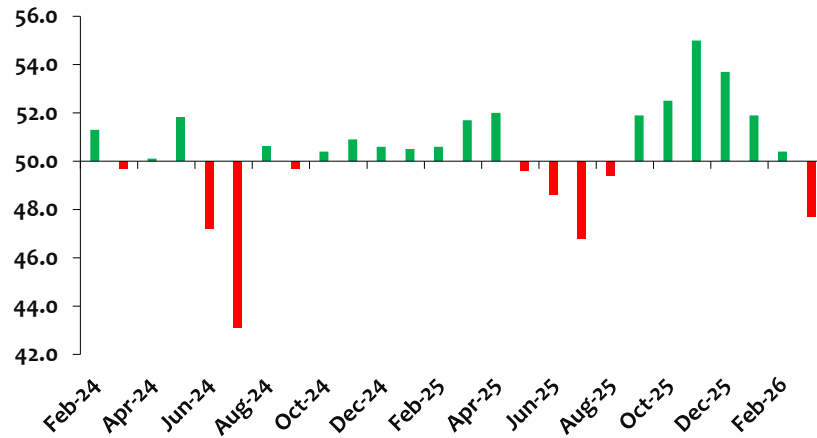
Core Consumption Drivers vs Headline Inflation



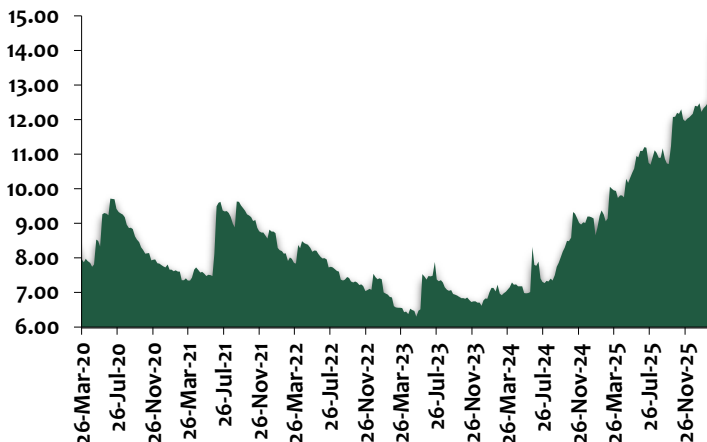
Domestic Debt (Kes Trn)



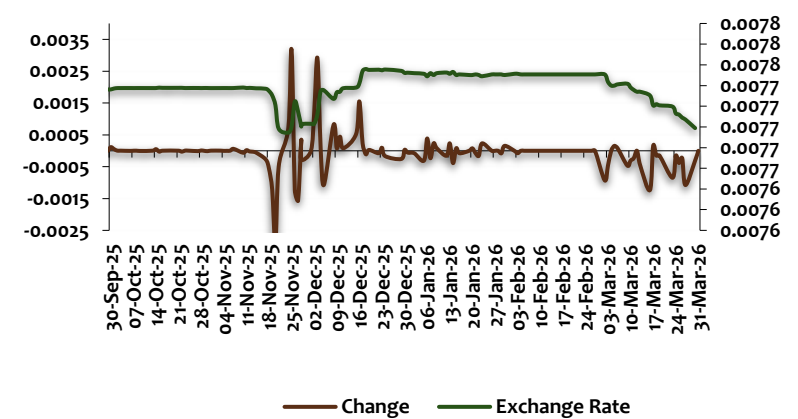
Purchasing Managers' Index



Kenya's Forex Reserves (USD Bn)



KES/USD Performance



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The Fixed Income Market

In the fixed income space, demand for government securities remained strong, with both Treasury bills and bonds recording oversubscriptions. While there are concerns around potential crowding out of the private sector given elevated government borrowing needs, incoming data suggests otherwise. Notably, the Central Bank of Kenya rejected 44.8% of bond bids, signaling that liquidity conditions remained ample, leaving room for banks to extend credit to the private sector.

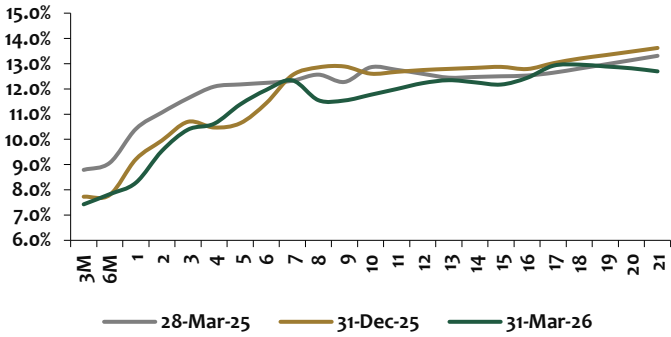
That said, an increasing number of banks reported a rise in short-term borrowing. From our assessment, this points to a still-constrained business environment, which may be limiting appetite for long-term capital borrowing despite the available liquidity.

See below a summary of the numbers:

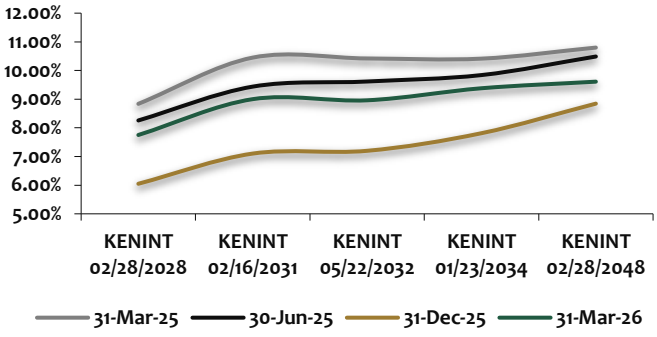
	Amount Offered	Bids Received	Bids Accepted	Subscription Rate
T-Bills				
1Q25	312.00	430.98	366.81	138.1%
4Q25	312.00	383.60	369.67	122.9%
1Q26	312.00	611.79	445.32	196.1%
T-Bonds				
1Q25	125.00	299.91	214.54	239.93%
4Q25	170.00	380.78	239.97	223.99%
1Q26	170.00	402.71	222.11	236.89%

Rates	91-Day	182-Day	364-Day
Mar-25	8.79%	8.79%	8.79%
Dec-25	7.73%	7.73%	7.73%
Mar-26	7.43%	7.43%	7.43%

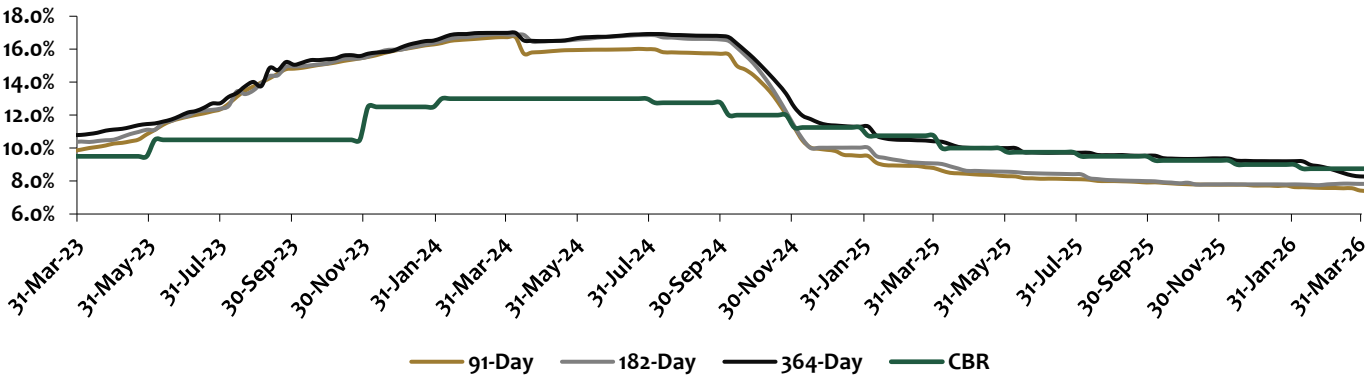
NSE Yield Curve



Kenyan Eurobond Yields



WAR of Accepted Bids (Yields)



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The Equities Market

1Q2026 was busy; broad-based gains, banking-led momentum, and easing foreign outflows. In a nutshell, confidence held, but foreign investors remained cautious. The quarter also saw a lot of volatility and the late entrants may not have harvested as much as the early and patient ones. See below the market performance for the quarter:

Market Indicators					
Indicator	28-Mar-25	31/Dec/25	31/Mar/26	Q/Q Change	Y/Y Change
NASI	130.81	186.58	194.82	4.42%	48.93%
NSE 10	1342.38	1965.20	2030.35	3.32%	51.25%
NSE 20	2226.88	3139.19	3431.56	9.31%	54.10%
NSE 25	3532.38	5096.68	5416.72	6.28%	53.34%
Bank Index	165.59	203.65	224.04	10.01%	35.30%
Market Cap	2056.07	2944.54	3230.73	9.72%	57.13%

Top Movers	Share Price		Turnover (Kes. Mn)		
	31-Dec-25	31-Mar-26	4Q2025	1Q2026	Q/Q %Change
Equity Group	66.75	69.00	7352.58	11991.24	63.1%
Safaricom	28.35	27.50	14734.66	11730.38	-20.4%
KCB Group	65.75	67.75	6433.62	7961.27	23.7%
Stanbic	197.75	257.00	405.26	3813.57	841.0%
EABL	263.00	251.00	2479.96	2148.48	-13.4%
Co-op Bank	23.95	27.00	1269.75	2033.27	60.1%

Top Gainers	Share Price				
	28-Mar-25	31-Dec-25	31-Mar-26	Q/Q %Change	Y/Y %Change
Uchumi	0.35	1.03	2.04	98.06%	482.86%
Africa Mega	51.00	70.50	117.75	67.02%	130.88%
Flame Tree	1.14	1.57	2.58	64.33%	126.32%
Eaagads	11.50	20.50	30.30	47.80%	163.48%
Sasini Plc	15.80	17.85	25.60	43.42%	62.03%

Top Losers	Share Price				
	28-Mar-25	31-Dec-25	31-Mar-26	Q/Q %Change	Y/Y %Change
Olympia	3.62	8.22	6.76	-17.76%	86.74%
Eveready	1.16	1.37	1.21	-11.68%	4.31%
Scangroup	3.26	2.55	2.29	-10.20%	-29.75%
Satrix	761.00	871.00	801.00	-8.04%	5.26%
Williamson Tea	219.00	149.50	138.25	-7.53%	-36.87%

Stock	Top Foreign Buys (Kes. Mn)			
	31/Mar/26	4Q2025	1Q2026	Q/Q %Change
Equity Group	66.75	4135.94	4401.43	6.42%
Safaricom	28.35	5679.61	3551.39	-37.47%
Stanbic	197.75	186.66	2207.15	1082.44%
KCB Group	65.75	2634.44	2029.67	-22.96%
Absa NewGold	5395.00	13.57	754.15	5457.48%

Stock	Top Foreign Sales (Kes. Mn)			
	31/Mar/26	4Q2025	1Q2026	Q/Q %Change
Safaricom	28.35	10093.96	7830.42	-22.42%
Equity Group	66.75	3768.28	5231.24	38.82%
KCB Group	65.75	1779.99	2504.42	40.70%
Stanbic	197.75	341.22	2178.09	538.32%
EABL	263.00	1295.01	942.77	-27.20%

Stock	Top Foreign Net Inflows (Kes. Mn)		
	31/Mar/26	4Q2025	1Q2026
KPLC	13.60	-8718.71	47.67
I&M Group	42.45	-4704.92	44.47
Carbacid	29.35	-25.75	30.44
Stanbic	197.75	-20627.89	29.07
Kapchorua	231.50	-2214.65	22.31

Stock	Top Foreign Net Outflows (Kes. Mn)		
	31/Mar/26	4Q2025	1Q2026
Safaricom	28.35	-610,052.24	-4279.03
Equity Group	66.75	-225,729.00	-829.81
BAT Kenya	459.00	-20953.51	-703.69
EABL	263.00	-78,093.44	-628.32
ABSA Bank Kenya	24.70	-11,611.97	-507.38

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Corporate Highlights

The banking sector reported mixed performance during the quarter, with most tier-one banks posting resilient earnings growth, supported by higher interest income—largely from government securities—despite the lower interest rate environment. However, some institutions faced pressure from rising costs and balance sheet contractions.

Banking Sector		
Counter	Summary	Read more
Equity	<ul style="list-style-type: none"> 51.7% increase in profit before tax (PBT) to Kes. 92.11Bn The bank declared a dividend of Kes. 5.75 per share (+35.3%/y/y). 	Here.
KCB	<ul style="list-style-type: none"> 10.9% growth in PBT to Kes. 90.90Bn A final dividend of Kes 3.00 was proposed, bringing total FY dividend to Kes. 7.00 per share (+29.1%/y/y). 	Here
Co-op	<ul style="list-style-type: none"> 15.8% rise in PBT to Kes. 40.29Bn The bank declared a final dividend of Kes. 1.5, bringing the FY2025 full dividend to Kes. 2.50 per share (+66.7%/y/y) 	Here
NCBA	<ul style="list-style-type: none"> 10.9% increase in PBT to Kes. 27.89Bn The bank declared a final dividend of Kes. 4.60 per share having paid a Kes. 2.5 interim dividend, bringing the FY2025 full dividend to Kes. 7.10 per share (+29.1%/y/y), 	Here
SCBK	<ul style="list-style-type: none"> PBT declined 40.3% to Kes. 16.84Bn – had issued a profit warning The bank declared a final dividend of Kes 23, bringing the full year dividend to Kes. 31.00 per share (-45.2%/y/y) 	Here
Stanbic	<ul style="list-style-type: none"> Relatively flat performance, with a 1.1% marginal decline in PBT to Kes. 18.59Bn The bank declared a final dividend of Kes. 18.55 per share, having paid an interim dividend of Kes. 3.8, bringing the FY2025 full dividend to Kes. 22.35 per share (+7.8%). 	Here
I&M	<ul style="list-style-type: none"> 22.4% PBT rise to Kes. 24.18Bn The bank declared a final dividend of Kes. 1.50, bringing the total payout to Kes. 3.75 per share (+25%). 	Here
Absa	<ul style="list-style-type: none"> 10.3% increase in profit before tax (PBT) to Kes. 32.37Bn The bank declared a final dividend of Kes. 1.85, bringing the total payout to Kes. 2.05 per share (+17%). 	Here.
DTB-K	<ul style="list-style-type: none"> 20.5% rise in PBT to Kes. 13.4Bn A dividend of KES. 9.00 per share (+28.6%) was proposed. 	Here.
HF	<ul style="list-style-type: none"> Delivered a strong 250% increase in PBT to Kes. 1.61Bn and a 171.1% rise in PAT to Kes. 1.42Bn. The bank did not declare any dividends 	

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Other Sectors	
Counter	Summary
Kakuzi	<ul style="list-style-type: none"> Returned to profitability, reporting a profit before tax of Kes. 568.42Mn, compared to a loss of Kes 166.0Mn in the previous year The bank declared a dividend of Kes. 16.00 per share
Sasini	<ul style="list-style-type: none"> PBT rose to Kes. 344.03Mn from a loss of Kes. 562.87Mn in FY2024 The improvement was supported by enhanced operating efficiency and cost controls, with earnings from continuing operations also returning to profitability, signaling stabilization in its core agricultural operations.
KPLC	<ul style="list-style-type: none"> PBT rose 5.5% to Kes 14.83Bn and PAT increasing 4.31% to Kes 10.40Bn. The performance was supported by stable operations, improved profitability, and enhanced cash generation. The company declared an interim dividend of Kes 0.30 per share, up from Kes 0.20 in the prior period.
KenGen	<ul style="list-style-type: none"> PBT fell 4.5% to Kes 7.59Bn and PAT decreasing 20.2% to Kes 4.22Bn, despite revenue growth. The contraction in profitability was attributed to rising operating expenses, although the company maintained stable operational performance.
BAT	<ul style="list-style-type: none"> PBT rose 18% to Kes 7.67Bn and PAT increasing 17% to Kes. 5.25Bn supported by cost optimization despite a slight decline in net revenue. The company proposed a final dividend of Kes 60 per share, having paid an interim dividend of Kes. 10.00 per share earlier, bring the full dividend for the year to Kes. 70 per share.
EABL	<ul style="list-style-type: none"> Half-year Earnings - PBT rose 35.5% to Kes 16.46Bn and PAT increased by 37.7% to Kes 11.16Bn. An interim dividend of Kes 4.00 per share was declared.
CIC	<ul style="list-style-type: none"> posted a weak performance, with PBT declining 68.7% to Kes 1.25Bn, largely due to increased insurance service expenses, while PAT fell 82.0% to Kes 513.82Mn. The company maintained a dividend of Kes 0.13 per share.
Liberty	<ul style="list-style-type: none"> Recorded improved results, with earnings from operations falling 51.9% to Kes 659.00Mn, and net investment income dropping 17.8% to Kes. 4.02Bn. The company declared a dividend of Kes 0.50 per share.
KQ	<ul style="list-style-type: none"> Resumed their loss-making position with loss after tax coming in at Kes 17.16Bn, on increased operating costs despite revenue growth. The balance sheet remained under pressure with a negative equity position.

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Corporate Disclosures

- **Safaricom Plc** communicated the board's intention to pay an interim dividend of Kes 0.85 per share for the financial year ending 31 March 2026, signaling confidence in sustained earnings and cash flow generation.
- **Standard Group Plc** announced the board's decision to suspend the previously proposed rights issue, indicating a shift in capital-raising strategy amid prevailing market conditions.
- **NCBA Group Plc** disclosed that Nedbank Group of South Africa intends to acquire a 66% stake, a move that could significantly reshape the bank's ownership structure and strategic direction.
- **Centum Investment Company Plc** announced the conclusion of the sale of its stake in Bakki Holdco Ltd, through which it held its interest in Sidian Bank, marking a key divestment in its financial services portfolio.
- **Nation Media Group Plc** issued a notice that Taarifa Ltd intends to acquire 100% of NPRT Holdings Africa Ltd, which holds a 54% stake in Nation Media Group, signaling a potential change in control.

Profit Warnings

Profit warnings during the quarter were issued by **Limuru Tea Plc, CIC Insurance Group Plc, Umeme Ltd, and Liberty Kenya Holdings Plc**, primarily driven by cost pressures, foreign exchange losses, and weaker operating conditions. These warnings highlight continued earnings strain emanating from company specific developments.

Global Highlights:

Global Monetary Policy and Currency Trends: Global monetary policy remained broadly accommodative amid signs of slowing demand and geopolitical uncertainty. The U.S. Federal Reserve, Bank of Japan, and Bank of Canada maintained their policy rates in the first quarter meetings.

International Oil Prices: Oil markets experienced notable swings during January 2026, influenced by both inventory dynamics and geopolitical tensions. Murban crude oil prices started the month lower at USD 61 per barrel, declined slightly mid-month, and then rose to USD 68.46 per barrel by the end of January. Early declines were driven by easing supply-demand pressures, while mid-month gains were supported by U.S. inventory drawdowns. Geopolitical tensions from the ongoing war are expected to exert more pressure on fuel prices.

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APPENDIX

Stock	Share Price		Q/Q %Change	YTD %Change	Turnover (Kes Mn) 1Q2026	Annual Dividend Yield	Trailing Dividend Yield
	31-Dec-25	31-Mar-26					
AGRICULTURAL							
Eaagads	20.50	30.30	47.80%	47.80%	21.58	-	-
Kakuzi Plc	402.00	429.00	6.72%	6.72%	13.46	1.86%	1.86%
Kapchorua Tea	231.50	239.25	3.35%	3.35%	25.26	10.45%	10.45%
Limuru Tea	460.00	514.00	11.74%	11.74%	3.29	-	0.19%
Sasini Plc	17.85	25.60	43.42%	43.42%	88.57	0.00%	0.00%
Williamson Tea Kenya	149.50	138.25	-7.53%	-7.53%	193.77	1.45%	1.45%
AUTOMOBILES & ACCESSORIES							
Car & General (K)	51.00	64.25	25.98%	25.98%	23.58	1.25%	1.25%
BANKING							
ABSA Bank Kenya	24.70	28.55	15.59%	15.59%	1772.35	7.18%	7.88%
BK Group	42.50	46.95	10.47%	10.47%	488.70	5.58%	7.71%
DTB Group	114.50	146.00	27.51%	27.51%	972.40	4.79%	4.79%
Equity Group	66.75	69.00	3.37%	3.37%	11991.24	6.16%	6.16%
HF Group	9.96	9.38	-5.82%	-5.82%	391.88	-	-
I&M Group	42.45	48.60	14.49%	14.49%	1993.39	7.72%	10.80%
KCB Group	65.75	67.75	3.04%	3.04%	7961.27	10.33%	16.24%
NCBA Group	84.00	90.75	8.04%	8.04%	1880.38	7.82%	7.82%
Stanbic Holdings	197.75	257.00	29.96%	29.96%	3813.57	8.70%	10.18%
Stan Chart Bank	297.25	330.25	11.10%	11.10%	953.45	9.39%	9.39%
Co-op Bank Group	23.95	27.00	12.73%	12.73%	2033.27	5.56%	9.26%
COMMERCIAL AND SERVICES							
Deacons East Africa	0.45	0.45	0.00%	0.00%	0.00	-	-
Eveready East Africa	1.37	1.21	-11.68%	-11.68%	124.01	-	-
Express Kenya	7.40	7.52	1.62%	1.62%	6.09	-	-
Homeboyz Ent.	4.66	4.66	0.00%	0.00%	0.00	-	-
Kenya Airways	3.53	4.91	39.09%	39.09%	846.63	-	-
Longhorn Publishers Plc	2.90	2.91	0.34%	0.34%	3.32	-	-
Nairobi Business V.	1.47	1.48	0.68%	0.68%	12.58	-	-
Nation Media Group	11.55	14.50	25.54%	25.54%	39.22	-	-
Sameer Africa	14.25	15.95	11.93%	11.93%	49.03	-	-
Standard Group	6.04	6.00	-0.66%	-0.66%	2.52	-	-
TPS Eastern Africa	14.70	16.00	8.84%	8.84%	41.50	2.19%	2.19%
Uchumi Supermarket	1.03	2.04	98.06%	98.06%	108.96	-	-
WPP Scangroup	2.55	2.29	-10.20%	-10.20%	13.06	-	-
CONSTRUCTION & ALLIED							
Athi River Mining	5.55	5.55	0.00%	0.00%	0.00	-	-
Bamburi Cement	54.00	54.00	0.00%	0.00%	0.00	-	-

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Crown Paints Kenya	54.50	54.50	0.00%	0.00%	10.71	5.50%	5.50%
E.A.Cables	1.71	1.71	0.00%	0.00%	0.00	-	-
E.A.Portland Cement	73.50	79.00	7.48%	7.48%	18.02	1.27%	1.27%
ENERGY & PETROLEUM							
KenGen	9.18	9.08	-1.09%	-1.09%	1185.90	9.91%	9.91%
Kenya Pipeline Company	9.18	9.08	-1.09%	-1.09%	-	-	-
Kenya Power Ord.	13.60	16.05	18.01%	18.01%	246.35	4.98%	9.97%
Kenya Power Pref 4	5.00	5.00	0.00%	0.00%	1368.87	-	-
Kenya Power Pref 7	6.00	6.00	0.00%	0.00%	22.39	-	-
Total Energies Kenya	38.55	39.80	3.24%	3.24%	0.00	4.82%	4.82%
Umeme Ltd	7.82	8.64	10.49%	10.49%	64.41	-	-
INSURANCE							
Britam Plc	9.10	12.20	34.07%	34.07%	245.69	-	-
CIC Insurance	4.57	4.53	-0.88%	-0.88%	220.22	2.87%	2.87%
Jubilee Holdings	335.00	369.25	10.22%	10.22%	197.88	3.66%	4.20%
Kenya Re	3.01	3.13	3.99%	3.99%	553.07	9.58%	9.58%
Liberty Kenya	10.10	9.70	-3.96%	-3.96%	27.88	5.15%	5.15%
Sanlam Kenya	8.46	9.56	13.00%	13.00%	15.93	-	-
INVESTMENT							
Centum	13.85	13.60	-1.81%	-1.81%	63.75	2.35%	2.35%
Home Afrika	1.34	1.50	11.94%	11.94%	63.24	-	-
Kurwitu Ventures	1500.00	1500.00	0.00%	0.00%	0.00	-	-
Olympia Capital Holdings	8.22	6.76	-17.76%	-17.76%	5.19	-	-
Trans-Century	1.12	1.12	0.00%	0.00%	0.00	-	-
INVESTMENT SERVICES							
NSE	20.25	19.75	-2.47%	-2.47%	582.15	-	-
MANUFACTURING & ALLIED							
BOC Kenya	127.00	121.50	-4.33%	-4.33%	28.06	7.12%	9.18%
BAT Kenya	459.00	565.00	23.09%	23.09%	1282.63	12.39%	9.73%
Carbacid Investments	29.35	29.00	-1.19%	-1.19%	100.85	6.90%	6.90%
EABL	263.00	251.00	-4.56%	-4.56%	2148.48	2.19%	3.19%
Flame Tree Group	1.57	2.58	64.33%	64.33%	17.19	-	-
Africa Mega Agricorp Plc	70.50	117.75	67.02%	67.02%	4.17	-	-
Mumias Sugar Co.	0.27	0.27	0.00%	0.00%	0.00	-	-
Unga Group	23.20	27.40	18.10%	18.10%	19.15	-	-
Shri Krishna Overseas	8.16	9.44	15.69%	15.69%	4.48	-	-
TELECOMMUNICATION							
Safaricom	28.35	27.50	-3.00%	-3.00%	11730.38	4.36%	4.36%
REITs							
LapTrust Imara I-REIT	20.00	20.00	0.00%	0.00%	500.00	4.10%	4.10%
ALP Industrial REIT	129.27	129.27	0.00%	0.00%	1.29	-	-
EXCHANGE TRADED FUNDS							
Absa NewGold ETF	5395.00	5700.00	5.65%	5.65%	1669.94	-	-
Satrix MSCI World F. ETF	871.00	801.00	-8.04%	-8.04%	8.49	-	-

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Research Department

Stellah Swakei	sswakei@co-opbank.co.ke	+254711049152
Chrisanthus Lunani	clunani@co-opbank.co.ke	+254711049973

Sales Team

Dennis Langat	dlangat@co-opbank.co.ke	+254 711049592
Moffat Asena	amoffat@co-opbank.co.ke	+254 711049663
Gloria Ohito	gohito@co-opbank.co.ke	+254711049993

Client Service and Operation

Kingdom Securities Ltd – A subsidiary of Co-operative Bank Limited. Co-operative Bank House- 5th floor, P.O Box 48231 - 00100 Nairobi, Kenya

Office: 0711049016 Email: info@kingdomsecurities.co.ke