KINGDOM SECURITIES

NCBA Group Earnings Update – 9M 2026

NCBA's PBT Rises 14.6% as Strong Funded Income Sustains Earnings Momentum

NCBA Group delivered a solid 9M26 performance, supported by strong funded income growth and continued balance-sheet expansion. PBT increased 14.6% y/y to Kes. 23.45Bn from Kes. 20.46Bn, while PAT rose 14.5% to Kes. 18.76Bn from Kes. 16.38Bn. Consequently, EPS improved 14.6% to Kes. 11.39 from Kes. 9.94, supported by a 19.8% increase in NII to Kes. 38.37Bn, while net loans expanded 11.7% to Kes. 327.02Bn.

NCBA Group remains a counter of significant interest following completion of the Nedbank Group Limited transaction, which has materially tightened the counter's free float. With approximately 66% now held by Nedbank, the remaining tradable shares represent roughly 34% of the issued share capital, potentially increasing price sensitivity to incremental demand. Shareholder returns were supported by the Kes. 3.75 interim dividend paid during the period, representing a 50% increase from Kes. 2.50 per share in the prior year.

*We therefore recommend **ACCUMULATE**, supported by the strong earnings performance, attractive dividend prospects and reduced free float following the Nedbank Group Limited acquisition. The counter offers appeal to long-term and dividend-oriented investors, while the tighter tradable float could provide an additional catalyst for price appreciation during periods of strong market demand.*

Recommendation	ACCUMULATE
Share Statistics	
Current Price	85.50
3-Month Av	88.74
6 Month Av	89.13
12 Month Av	89.29
52 Week High	100.00
52 Week Low	48.00
Issued shares Bn	1.65
Market Cap (KES Bn)	140.86
Market Cap (USD Bn)	1.09
P/E(9M EPS)	7.51x
PB	0.67
9M EPS	11.39

Income Statement

Total Income: Total operating income increased by 14.7% y/y to Kes. 61.32Bn from Kes. 53.44Bn, supported by robust growth in net interest income (NII) alongside continued expansion in non-funded income (NFI). NII rose by 19.8% y/y to Kes. 38.37Bn from Kes. 32.04Bn, while NFI increased by 7.2% to Kes. 22.95Bn from Kes. 21.40Bn.

The strong **funded-income** performance was supported by a 10.4% y/y increase in interest income to Kes. 55.94Bn from Kes. 50.66Bn, while interest expense declined by 5.6% to Kes. 17.57Bn from Kes. 18.62Bn, providing further support to NII growth.

Operating Expenses: Total operating expenses increased by 12.4% y/y to Kes. 37.06Bn from Kes. 32.99Bn, remaining below the growth in operating income. The increase was largely driven by a 57.0% rise in loan loss provisions to Kes. 7.97Bn from Kes. 5.08Bn, reflecting higher provisioning during the period.

Excluding loan loss provisions, operating expenses increased by a more moderate 4.3% y/y to Kes. 29.09Bn from Kes. 27.91Bn, indicating relatively contained underlying cost growth. Staff costs similarly increased by 8.6% to Kes. 12.91Bn from Kes. 11.88Bn.

Consequently, **PBT** increased by 14.6% y/y to Kes. 23.45Bn, while PAT rose 14.5% to Kes. 18.76Bn. **EPS** similarly improved by 14.6% to Kes. 11.39.

Return Performance		
Periods	**NCBA**	**NASI**
3mtd PriceΔ	-6.30%	-4.13%
6mtd PriceΔ	-3.12%	14.81%
YTD Δ	1.79%	26.32%
Y/Y Δ	0.88%	29.13%

NII	19.8%
Provisions	57.0%
Opex	12.4%
Opex Excl. LLPs	4.3%
PBT	14.6%
PAT	14.5%
Loans	11.7%
Govt. Securities	28.1%
Deposits	13.5%
Shareholders' Funds	10.1%

KINGDOM SECURITIES

Balance Sheet

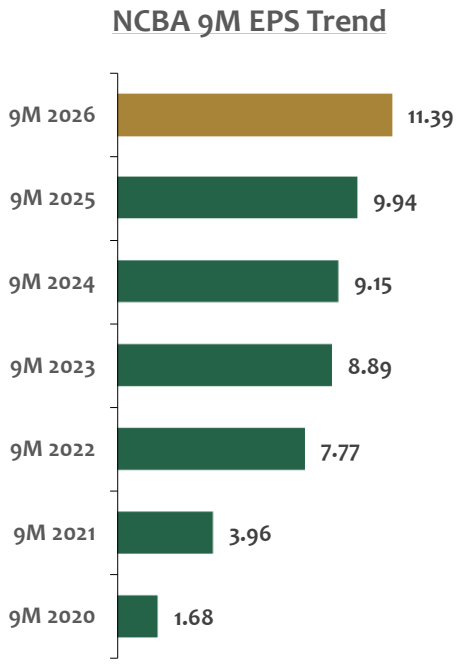
NCBA Group's **total assets** expanded by 11.8% y/y to Kes. 743.89Bn from Kes. 665.32Bn, supported by strong growth in both the loan book and investment portfolio.

Net loans and advances increased by 11.7% y/y to Kes. 327.02Bn from Kes. 292.72Bn, reflecting continued credit expansion during the period. Meanwhile, investments grew strongly by 28.1% y/y to Kes. 235.39Bn from Kes. 183.69Bn, indicating increased allocation towards government securities and other interest-earning assets.

Customer Deposits: Customer deposits increased by 13.5% y/y to Kes. 553.75Bn from Kes. 487.96Bn, supporting balance-sheet expansion and reinforcing the lender's strong deposit franchise.

Consequently, total liabilities rose by 12.2% y/y to Kes. 611.54Bn from Kes. 545.07Bn. Meanwhile, borrowings declined by 18.3% y/y to Kes. 6.20Bn from Kes. 7.59Bn, signalling lower reliance on external funding.

Shareholders' funds increased by 10.1% y/y to Kes. 132.35Bn from Kes. 120.25Bn, supported by retained earnings from sustained profitability growth.



Key Ratios

- **Yield on interest-earning assets** remained broadly stable at 13.0%, reflecting relatively steady returns across the Group's interest-earning asset base.
- **Cost of funds** improved to 4.3% from 5.3%, supporting profitability and contributing to a 1.1ppt expansion in net interest margin (NIM) to 9.0% from 7.8%.
- **NII contribution to operating income** increased to 62.6% from 60.0%, while NFI contribution declined to 37.4% from 40.0%, highlighting stronger growth in funded income.
- **Cost-to-income ratio (CIR)** improved to 60.4% from 61.7%, reflecting stronger revenue growth relative to operating expenses. Excluding loan loss provisions, CIR improved further to 47.4% from 52.2%, demonstrating stronger underlying operating efficiency.
- **Cost of risk** increased to 3.25% from 2.31%, reflecting higher provisioning during the period, with loan loss provisions rising 57.0% y/y despite the improvement in asset quality.
- **Asset quality** improved, with the NPL ratio declining to 10.3% from 12.1%, signalling easing credit risk pressures despite continued expansion in the loan book.
- **Loan-to-deposit ratio** declined marginally to 59.1% from 60.0%, as customer deposits grew faster than loans, providing additional funding headroom.
- **Return on average equity (ROaE)** moderated to 20.3% from 21.0%, despite the stronger earnings performance, reflecting growth in the Group's equity base.
- **Return on average assets (ROaA)** improved to 3.6% from 3.4%, reflecting stronger earnings generation and slightly improved asset utilisation.

KINGDOM SECURITIES

Balance Sheet (Kes. Bn)	9M 2025	H1 2026	9M 2026	%Δ Y/Y
Investments	183.69	220.64	235.39	28.1%
Net Loans and Advances	292.72	345.88	327.02	11.7%
Total Assets	**665.32**	**739.40**	**743.89**	**11.8%**
Customer Deposits	487.96	551.41	553.75	13.5%
Borrowing	7.59	6.68	6.20	(18.3%)
Total Liabilities	**545.07**	**607.89**	**611.54**	**12.2%**
Shareholders' Funds	**120.25**	**131.51**	**132.35**	**10.1%**

P&L (Kes. Bn)	9M 2025	H1 2026	9M 2026	%Δ Y/Y
Interest Income	50.66	36.54	55.94	10.4%
Interest Expense	(18.62)	(11.44)	(17.57)	(5.6%)
NII	**32.04**	**25.10**	**38.37**	**19.8%**
NFI	21.40	15.58	22.95	7.2%
Total Operating income	**53.44**	**40.68**	**61.32**	**14.7%**
Loan Loss provision (LLP)	(5.08)	(5.17)	(7.97)	57.0%
Staff Costs	(11.88)	(8.56)	(12.91)	8.6%
Total Operating expenses	(32.99)	(24.68)	(37.06)	12.4%
Opex excl Provision	(27.91)	(19.50)	(29.09)	4.3%
PBT	**20.46**	**15.49**	**23.45**	**14.6%**
PAT	**16.38**	**12.39**	**18.76**	**14.5%**
EPS	**9.94**	**7.52**	**11.39**	**14.6%**

Key Ratios	9M 2025	H1 2026	9M 2026	Δ Y/Y ppts
Yield from interest-earning assets	13.0%	12.4%	13.0%	0.0
Cost of funds	**5.3%**	**4.2%**	**4.3%**	**(1.0)**
Net Interest Margin	7.8%	8.4%	9.0%	1.1
Net Interest Income as % of operating income	60.0%	61.7%	62.6%	2.6
Non-Funded Income as a % of operating income	40.0%	38.3%	37.4%	(2.6)
Cost to Income Ratio (CIR)	**61.7%**	**60.7%**	**60.4%**	**(1.3)**
CIR without LLP	52.2%	47.9%	47.4%	(4.8)
Cost of risk	2.31%	2.99%	3.25%	0.94
Cost to Assets	5.0%	3.3%	5.0%	0.0
NPL Ratio	**12.1%**	**10.8%**	**10.3%**	**(1.8)**
Loan to Deposit Ratio	60.0%	62.7%	59.1%	(0.9)
Return on average equity	21.0%	19.7%	20.3%	(0.7)
Return on average assets	3.4%	3.5%	3.6%	0.2

KINGDOM SECURITIES

Research analyst certification:

The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Terms of use – Disclaimer:

This research report has been prepared by Kingdom Securities Limited and is for information purposes only. This research report should not be construed as an offer or solicitation to sell or buy any investment or product. Any opinions expressed herein reflect the analyst's judgment at the date of publication and neither Kingdom Securities Limited, nor any of its affiliates or employees accepts any responsibility in respect of the information or recommendations contained herein. Unless otherwise stated, the opinions contained in this material are as of the date indicated and are subject to change at any time without prior notice. Past performance is not a guarantee or indication of future results.

The information and opinions contained in this Material have been derived from sources believed to be reliable and in good faith or constitute Kingdom Securities' judgement as at the date of this research but no warranty is made as to their accuracy and any opinions are subject to change and may be superseded without notice. In no circumstances will Kingdom Securities or its employees be liable to you for any errors or omissions in this report or for any losses you may incur in following any recommendations in the report. Kingdom Securities is a Subsidiary of Co-operative Bank of Kenya.

Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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

Office: 0711049039

Email: kingdomresearch@co-opbank.co.ke

Research Department	Equities Trading
Chrisanthus Lunani clunani@co-opbank.co.ke	**Joab Kiprono** jkiprono@co-opbank.co.ke
	Florence Kigera fkigera@co-opbank.co.ke