The Mwango Weekly for 02 Feb 2026

Kenya Wins Rating Upgrades on Liquidity Gains"

In this week’s newsletter, we cover Moody's upgrade of Kenya to B3, EABL's H1 FY2025/2026 results, and Safaricom Ethiopia's Q3 FY26 update.

Moody's Upgrades Kenya to B3

Liquidity Gains Drive Rating Upgrades: Moody’s Ratings has upgraded Kenya’s sovereign credit rating to B3 from Caa1 with a stable outlook, anchored on a measurable improvement in external liquidity and refinancing risk. The agency points to higher foreign exchange reserves, a narrower current account deficit, and greater exchange rate stability, alongside Kenya’s renewed access to external markets and liability management that has smoothed the maturity profile and pushed the next major eurobond maturity to 2030. Moody’s also lifted the country’s ceilings, raising the local currency ceiling to Ba3 and the foreign currency ceiling to B1, reinforcing the view that near term balance of payments stress has eased and funding flexibility has improved.

Affordability Still Weak: The upgrade does not change the core constraint: debt affordability remains among the weakest in Moody’s sovereign universe. Under Moody’s baseline, the fiscal deficit stays near 6% of GDP and debt remains broadly stable around 67% of GDP, while interest costs continue to absorb more than 30% of government revenue, limiting fiscal space even as liquidity risk improves. With around half of government debt in foreign currency and external amortizations of USD 2.5B to USD 3.0B per year over the rest of the decade, the credit remains highly sensitive to FX moves, investor sentiment, and the durability of market access at manageable yields.

Broad Agency Convergence Signals Stabilization: This is part of a broader stabilisation across agencies, but it is not an investment grade pivot. On 27 January 2026, Moody’s upgraded Kenya to B3 with a stable outlook. On 23 January 2026, Fitch affirmed B minus with a stable outlook. Earlier, on 22 August 2025, S and P upgraded Kenya to B with a stable outlook. Taken together, the sequence signals a broad based reassessment of Kenya’s sovereign risk profile, driven by liquidity buffers and refinancing management rather than a step change in fiscal fundamentals. Importantly, B3 still sits in Moody’s “high credit risk” band, and Moody’s ESG overlay, including

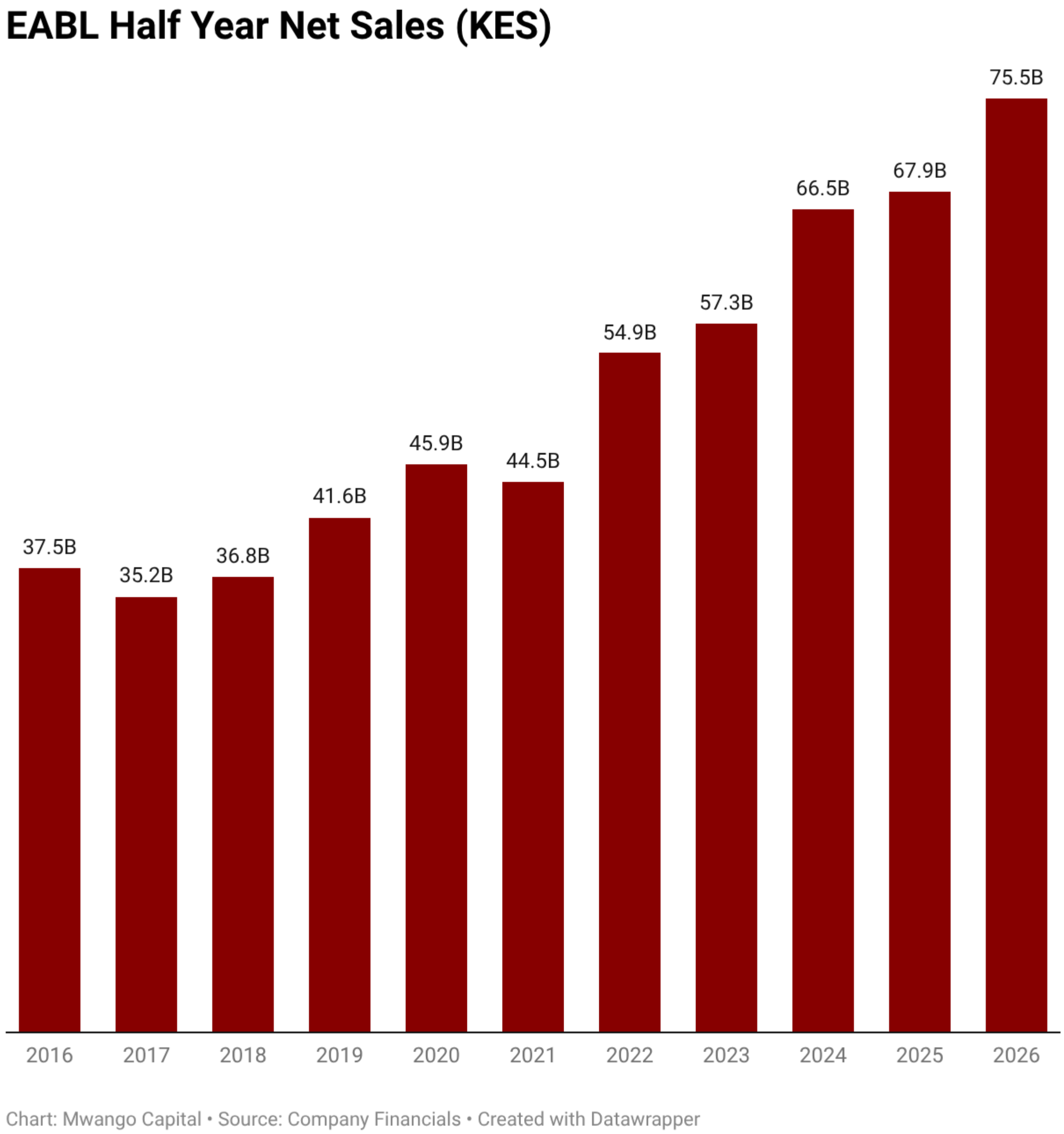
CIS-4, highlights persistent governance and social constraints that can cap upside without durable fiscal execution.

Treasury Shifts Focus to Debt Cost Reduction: Raphael Owino, Director General of the Public Debt Management Office, acknowledged the rating upgrades while emphasizing the challenges that remain. The primary liability management transaction for FY2025/26 is a US DFC backed debt for food security swap, targeted for completion before the end of the financial year, structured to issue an instrument in the financial market at a lower rate and use proceeds to retire either expensive Eurobonds or syndicated loans from Kenya's roughly KES 300B in other commercial borrowing. With refinancing risks largely managed through buybacks of about USD 900M of the 2027 bond and about USD 652M of the 2028 bond, the redemption profile remains manageable until around 2031, positioning any future Eurobond activity as opportunistic rather than urgent.

> *"This strong performance in the economy has been affirmed by the credit rating agencies. This is good news. But there are still risks. Let's not cheat ourselves. The cost of debt service in this country is still enormous. When a country that has a 4.2 trillion budget is spending 1 trillion on interest payments, that is not a good situation to be in. But having addressed the refinancing risk, now we have to firmly deal with the cost of debt service. And as we go forward, therefore, you will see the National Treasury undertaking operations such as the debt swaps, which essentially, our aim will be to issue instruments at lower interest costs and use those instruments to take out the debt instruments that are very costly, be they syndicated loans, be they Eurobonds that we issued at high cost. That will be the focus going forward," Raphael Owino, Director General of the Public Debt Management Office.*

EABL H1 FY2025/2026 Results

Volume Growth Drives Revenue Surge: EABL posted net sales of KES 75.5B in H1 FY2025/2026, up 11% year-on-year, driven by 8% total volume growth across both beer and spirits categories. The company recorded 9% organic growth in Net Sales Value (NSV), with Kenya contributing 62% of total NSV at 2% growth, Uganda adding 21% at 9% growth, and Tanzania delivering a standout 35% growth while representing 17% of total NSV. The volume expansion was supported by favorable price and mix effects, which added KES 1.9B to profit before tax alongside KES 2.3B from higher volumes.



Profit Jumps on Lower Finance Costs: Net profit surged 38% to KES 11.2B from KES 8.1B in the prior year, with earnings per share rising to KES 23.36 from KES 15.30. Profit before tax grew to KES 16.5B from KES 12.1B, propelled by volume and pricing gains but also materially assisted by a 36.8% reduction in net finance costs to KES 2.17B, supported by a KES 2.2B debt reduction. The improvement in finance costs added KES 1.3B to profit before tax, partially offset by a KES 1.1B swing in foreign exchange from gains of KES 1.18B last year to KES 97M this period.

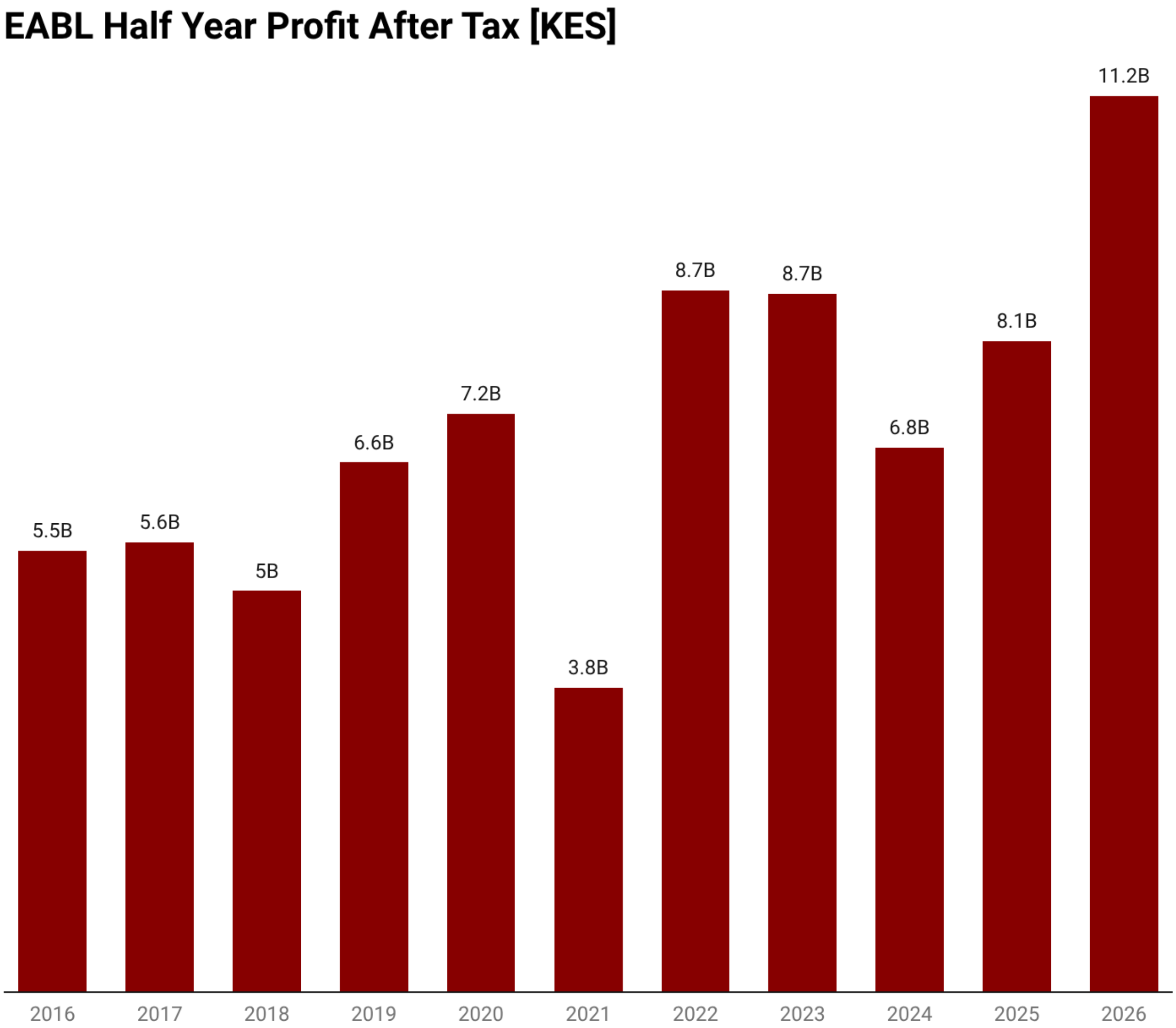


Chart: Mwango Capital • Source: Company Financials • Created with Datawrapper

Strong Cash Generation and Dividend Increase: Cash and cash equivalents rose by KES 5.5B to KES 17.7B, supported by KES 25B generated from operations, enabling continued debt reduction and a return to stronger shareholder distributions. The company declared an interim dividend of KES 4.00 per share, up 60% from KES 2.50 in the prior year, with books closing on 20 February 2026 and payment expected on or around 30 April 2026. Trade and other receivables increased 22% to KES 20.2B from KES 16.5B in June 2025, reflecting the sales expansion but also indicating some working capital build.

EABL Total Dividends History (KES)

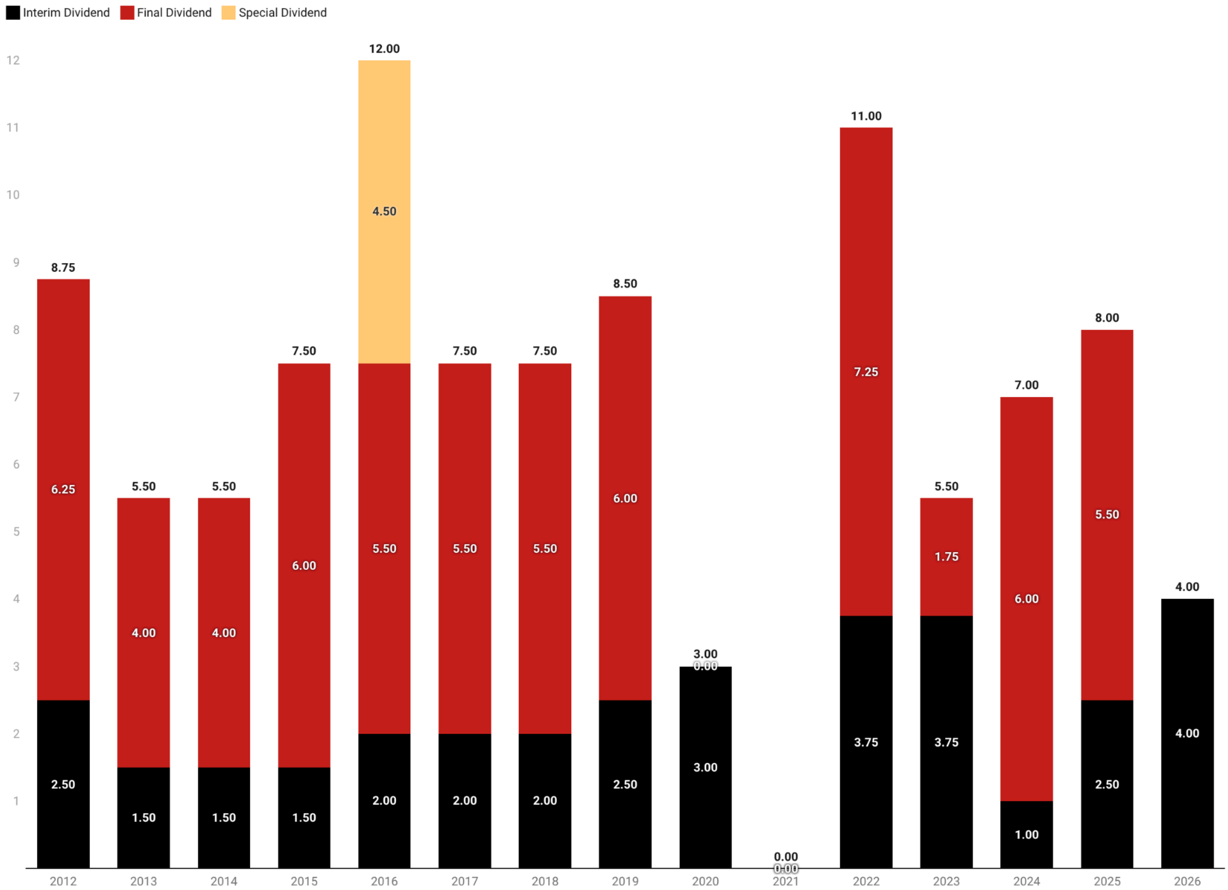


Chart: Mwango Capital • Source: Financial Statements • Created with Datawrapper

Legal Challenges Cloud Diageo Stake Sale: JILK Construction has filed an urgent application seeking to restrain Diageo from disposing of its EABL stake, arguing that the sale would defeat enforcement of a pending arbitral award of about KES 2.45B plus interest. The applicant alleges coordinated abuse of process, regulatory evasion, and serious employment law violations during execution of the Kisumu Brewery project, and asks the High Court to order a KES 3B security deposit, fast-track the suit to determination by 30 April 2026, and issue interim relief to preserve the subject matter pending judgment.

Last week, EABL provided an update on the case filed by distributor Bia Tosha seeking to block Diageo's sale of its 65% stake in EABL to Asahi, noting that the High Court has split the case into an urgent track and a main hearing while allowing all regulatory and preparatory processes to continue uninterrupted. Interim conservatory orders were extended to 26 February 2026 but apply only to final completion steps, with the urgent application to block the share sale scheduled for hearing on that date, while the underlying 2016 Bia Tosha distribution dispute will be prioritized for resolution and is legally separate from the share sale.

Safaricom Ethiopia Q3 FY 26 Update

Revenue Growth Driven by Voice Resurgence: Safaricom Ethiopia posted total revenue of KES 9.97B in Q3 FY26, up 47.9% year-on-year, including handset revenue and other income, while service revenue reached KES 9.68B, up 54.2% YoY. Mobile data contribution to service revenue declined to 67% from 76.9% in the prior year as voice gained share. Voice revenue surged 144.7% YoY to KES 2.13B, driven by higher customer engagement as minutes of use grew 25.9% to 145.29 and ARPU rose significantly, up 83.4% YoY on a constant currency basis to ETB 37.39. On a constant currency basis, overall ARPU rose 21.3% YoY to ETB 142.77, while voice contribution to service revenue increased to 22.0% from 13.9% in Q3 FY25.

Safaricom Ethiopia Revenue Decomposition (KES)

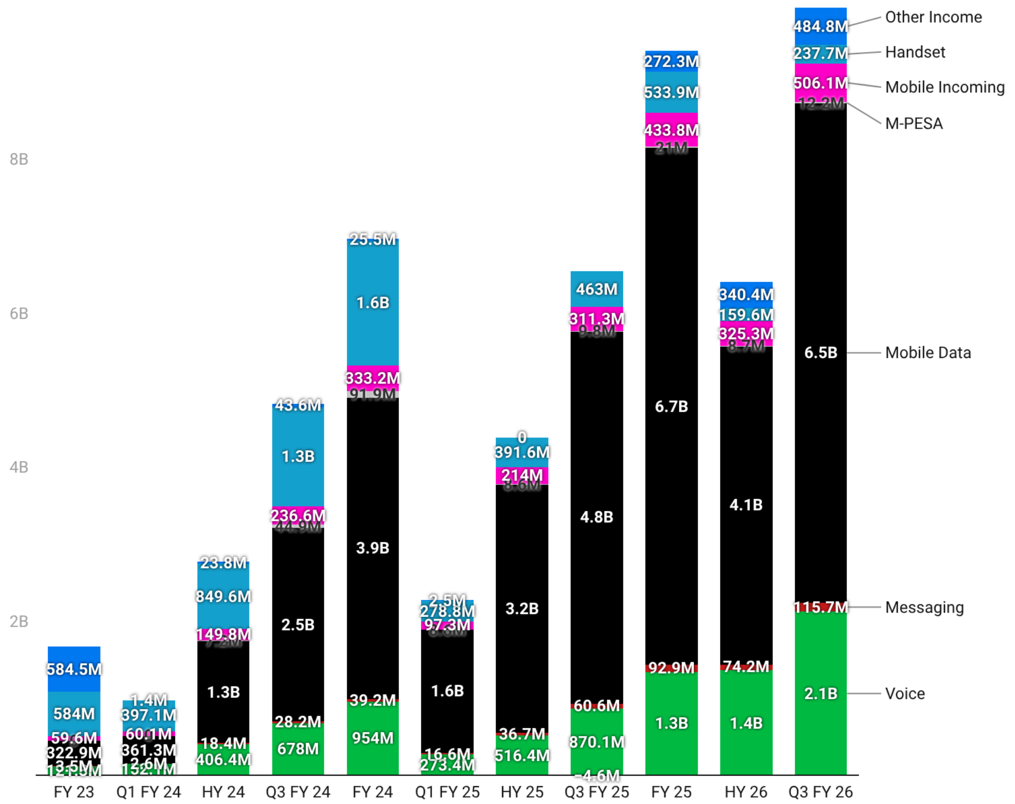


Chart: Mwango Capital • Source: Company Financials • Created with Datawrapper

Funding Structure: Safaricom Ethiopia is funded through shareholder equity, deferred vendor payments, and third-party borrowings, with shareholders of GPE contributing

USD 2,546.6M as of 31 December 2025, including the USD 850M license fee and USD 150M M-PESA license fee. Safaricom PLC's contribution amounts to USD 1,189M as of 31 December 2025, up from USD 1,136M in September 2025 and USD 840M in March 2024. Total funding reached USD 2,542M as of 31 December 2025, supported by USD 123M in local currency debt, USD 100M in foreign currency debt from Standard Bank, and USD 100M in IFC debt, while deferred vendor payables declined to USD 109.3M from USD 148M in September 2025.

USD Mn	As at 31 Dec 2025	As at 30 Sep 2025	As at 30 Jun 2025	As at 31 Mar 2025	As at 31 Mar 2024	As at 31 Mar 2023
Equity	2,219	2,146	2,125	2,048	1,626	1,238
Local currency debt	123	127	134	105	134	87
Foreign currency debt (Standard Bank)	100	100	100	-	-	-
Shareholder loan	-	-	-	18	-	-
IFC debt	100	100	100	100	100	-
Total Funding	**2,542**	**2,473**	**2,459**	**2,270**	**1,860**	**1,325**
Safaricom PLC's Funding contribution	1,189	1,136	1,125	1,058	840	690
Deferred vendor payables	109.3	148	170	194	301	217

Infrastructure Sharing Framework Harmonized Across Sector: The Ethiopian Communications Authority (ECA) ordered Ethio Telecom to revise its network sharing fees with Safaricom Ethiopia in December 2025, lowering the charges agreed under their 2022 partnership and requiring most transactions to be settled in birr starting 1 January 2026. The 2022 deal had allowed Ethio Telecom to receive payment for infrastructure in foreign currency, a provision intended to address the country's foreign currency constraints and the company's reliance on imports to expand its network.

The directive now covers infrastructure access for more than half of Safaricom's network, including towers and passive facilities, amid World Bank warnings that price competition in Ethiopia's telecom sector is becoming unfairly intense. Safaricom Ethiopia's RISO, approved by ECA in October 2025, establishes a standardized framework for passive infrastructure sharing covering both space-only and space-and-power services, with infrastructure-sharing charges denominated and settled in Ethiopian Birr, supporting greater alignment with local currency cash flows but also potentially increasing Ethio Telecom's exposure to birr-denominated revenue against dollar-denominated network expansion costs.

Markets Wrap

NSE Week 5 Highlights: The Nairobi Securities Exchange (NSE) posted modest gains in Week 5, with the NSE All Share Index (NASI) rising 0.39% to close at 195.4. Equity turnover surged 43.7% to KES 4.45B, while bond turnover declined 13.7% to KES 72.11B. BOC Kenya led the top gainers, climbing 13.7% to KES 137.25, while Olympia Capital Holdings recorded the steepest decline, falling 6.8% to KES 7.44. The market's total capitalization grew 0.39% to KES 3.07T, and foreign investors accounted for 29.31% of activity, with a net inflow of KES 513.8M, while local investors made up 70.69% of trading.

The Mwango Capital Weekly Market Wrap

Week 05 (23 to 30 January 2026)

NSE Top Gainers & Losers in Week 5

Top Gainers	Ticker	23 Jan	30 Jan	Change (%)	YTD %
BOC Kenya Limited	BOC	120.75	137.25	13.7%	8.07%
Diamond Trust Bank	DTK	117.00	129.00	10.3%	12.66%
Africa Mega Agricorp	AMAC	70.50	77.50	9.9%	9.93%
East African Breweries	EABL	240.75	258.50	7.4%	-1.71%
BK Group Plc	BKG	42.85	46.00	7.4%	8.24%

Top Losers	Ticker	23 Jan	30 Jan	Change (%)	YTD %
Olympia Capital Holdings	OCH	7.98	7.44	-6.8%	-9.49%
Kakuzi Limited	KUKZ	408.00	386.75	-5.2%	-3.79%
NCBA Group Plc	NCBA	97.50	92.50	-5.1%	10.12%
Liberty Kenya	LBTY	9.94	9.58	-3.6%	-5.15%
Express Kenya Limited	XPRS	7.32	7.10	-3.0%	-4.05%

NSE Upcoming Corporate Actions

Date	Corporate	Corporate Action
11 February 2026	Kenya Re	SGM
12 February 2026	KenGen	Final Dividend Payment (KES 0.90)
20 February 2026	EABL	Interim Div. Book Closure (KES 4.00)
11 March 2026	KCB	FY 2025 Results
11 March 2026	KCB	FY 2025 Results
17 March 2026	Equity	FY 2025 Results
20 March 2026	Co-op	FY 2025 Results
30 April 2026	EABL	Interim Div. Payment (KES 4.00)

The NSE This Week

		Week 04	Week 05	Change (%)	YTD %
NSE All Share Index	NASI	194.6	195.4	0.39%	4.71%
NSE 20 Share Index	NSE 20	3,267.2	3,299.3	0.98%	5.10%
NSE 10 Share Index	NSE 10	2,028.8	2,046.8	0.89%	4.15%
NSE 25 ShareIndex	NSE 25	5,301.8	5,322.0	0.38%	4.42%
Banking Sector Index	Banking Index	215.78	215.03	-0.35%	5.59%
Market Cap (KES B)	CAP	3,071.1	3,083.1	0.39%	4.70%
Volume (M)		79.8	114.7	43.7%	
Equity Turnover (Kes. Mn)		3,202.00	4,452.00	39.0%	
Bond Turnover (Kes. Mn)		83,574.80	72,107.20	-13.7%	

NSE Foreign Participation in Week 5

KES (M)	Buys	Sales	Net
Mon, 26 Jan 2026	270.3	331.7	-61.5
Tue, 27 Jan 2026	278.5	171.9	106.6
Wed, 28 Jan 2026	543.7	34.7	509.0
Thu, 29 Jan 2026	385.2	432.6	-47.5
Fri, 30 Jan 2026	84.2	77.2	7.0
Totals	1,561.8	1,048.0	513.8

Week 05	AMOUNT (KES M)	%
Total Foreign Turnover	1,304.92	29.31%
Total Local Turnover	3,147.08	70.69%

Domestic Debt

29 Jan Offering (KES B)	Offered	Bids Received	Accepted	% Accepted	% perfomance
91-Day	4.00	6.35	6.35	100.00%	158.78%
182-Day	10.00	2.28	2.25	98.81%	22.78%
364-Day	10.00	38.58	38.57	99.98%	385.80%

T-Bill Yield (%)	23 Jan	29 Jan	Change (bps)
91-Day	7.73	7.63	-9.5
182-Day	7.79	7.80	0.7
364-Day	9.20	9.21	0.6

Eurobond Yields

KES (M)	23-Jan	29-Jan	7D Change (bps)
10-Year 2028	6.08%	6.01%	-7.0
6-Year 2031	6.93%	6.79%	-14.0
12-Year 2032	7.22%	7.10%	-12.0
13-Year 2034	7.85%	7.78%	-7.0
30-Year 2048	8.79%	8.70%	-9.0

Sources: NSE, Central Bank of Kenya

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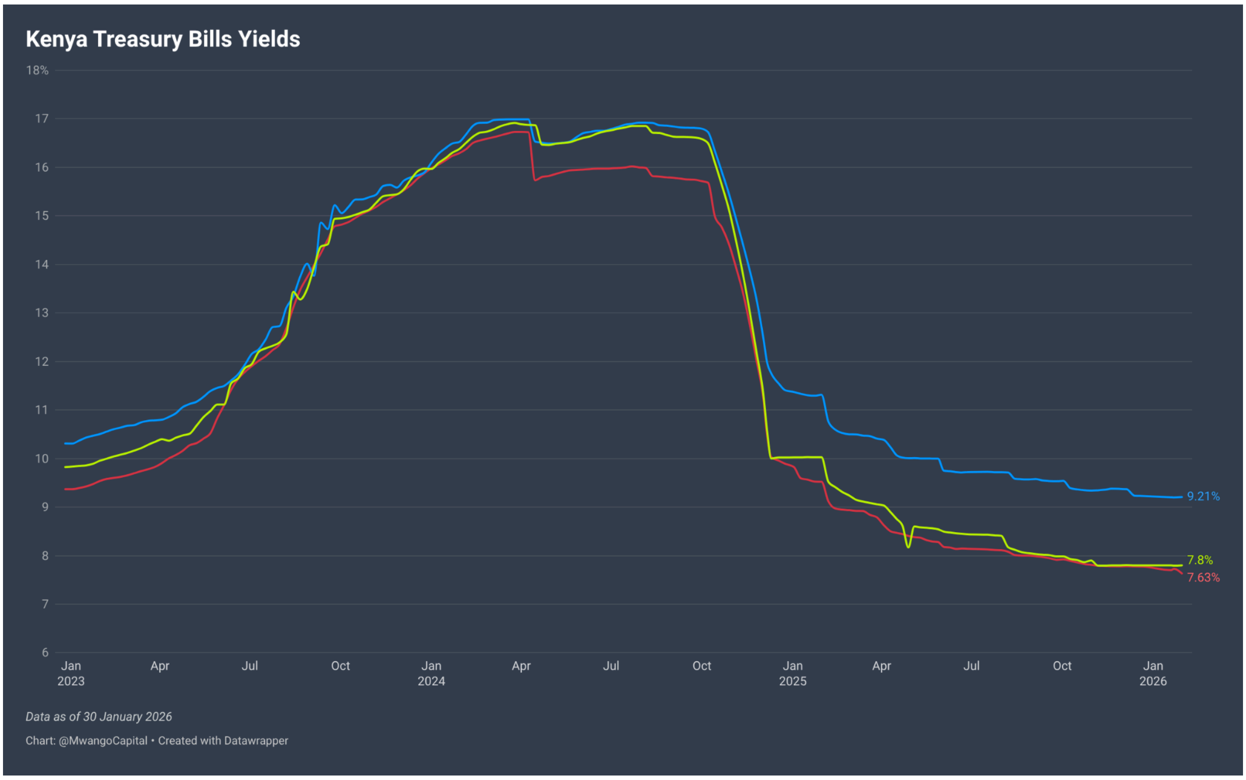
Treasury Bills: Treasury bills were oversubscribed last week, with a subscription rate of 196.7%, up from 76.5% the previous week. Investors submitted bids totaling KES 47.2B, and the Central Bank of Kenya (CBK) accepted KES 47.1B out of the KES 24B on offer. Yields on the 182-day and 364-day T-bills increased by 0.7 and 0.6 bps to 7.8% and 9.2066%, respectively. At the same time, the 91-day t-bill fell by 9.48bps to

7.6326%.



Bonds: The Central Bank of Kenya concluded a 15-year Treasury bond switch FXD1/2022/015 on 21 January 2026, using T-Bond FXD1/2016/010 as the source security. The auction offered KES 20B, received KES 26.49B in bids, and accepted KES 25.17B, with a weighted average yield of 13.17% and a coupon of 13.94%. The bond matures on 6 April 2037.

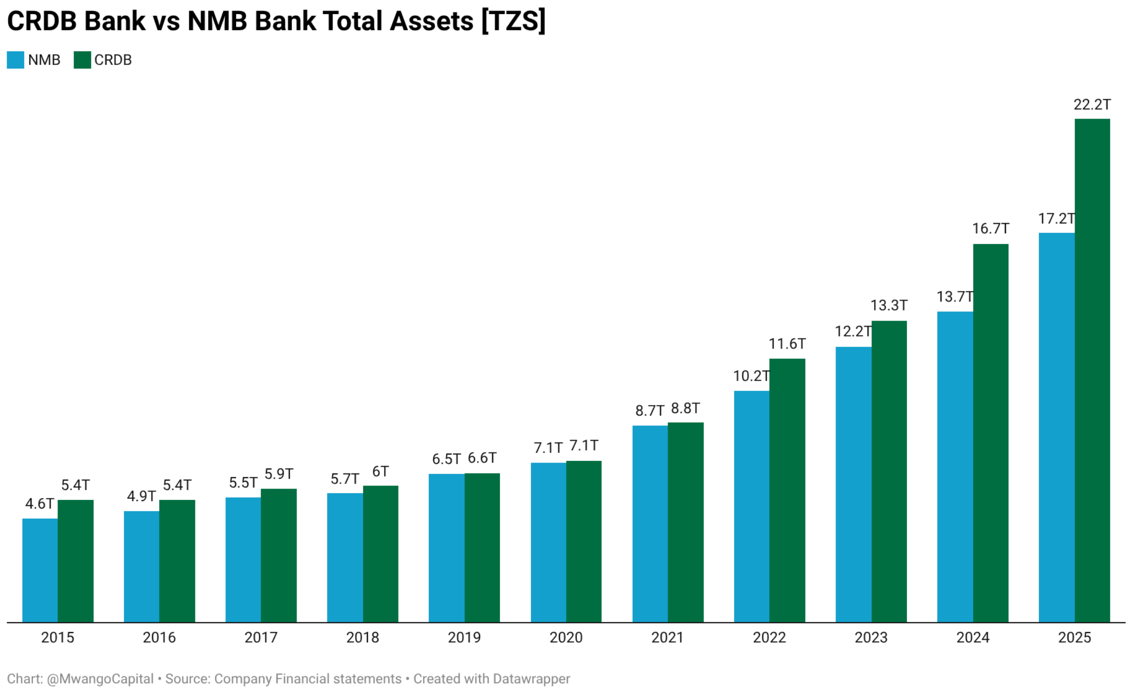
CBK has also reopened 15-year FXD3/2019/015 and 25-year FXD1/2018/025 fixed-coupon bonds, targeting a total of KES 50B for budgetary support. The 15-year reopened bond offers a 12.34% coupon, matures in 2034, and has 8.4 years to maturity, while the 25-year bond carries a 13.40% coupon, matures in 2043, and has 17.3 years to maturity. Bids for the reopened issues close on 11 February 2026, with settlement on 16 February 2026.

Eurobonds: Kenya's Eurobond yield curve recorded an average week-on-week decrease of 7.8 bps in the week ending 30 January 2026. The largest increase was at KENINT 2027, which rose 10.40 bps to 5.824%. The steepest declines were at KENINT 2031 and KENINT 2032, down 15.30 bps to 7.173% and 7.092% respectively.

Market Gleanings

🇹🇿| Tanzania Banks FY 2025 Results |

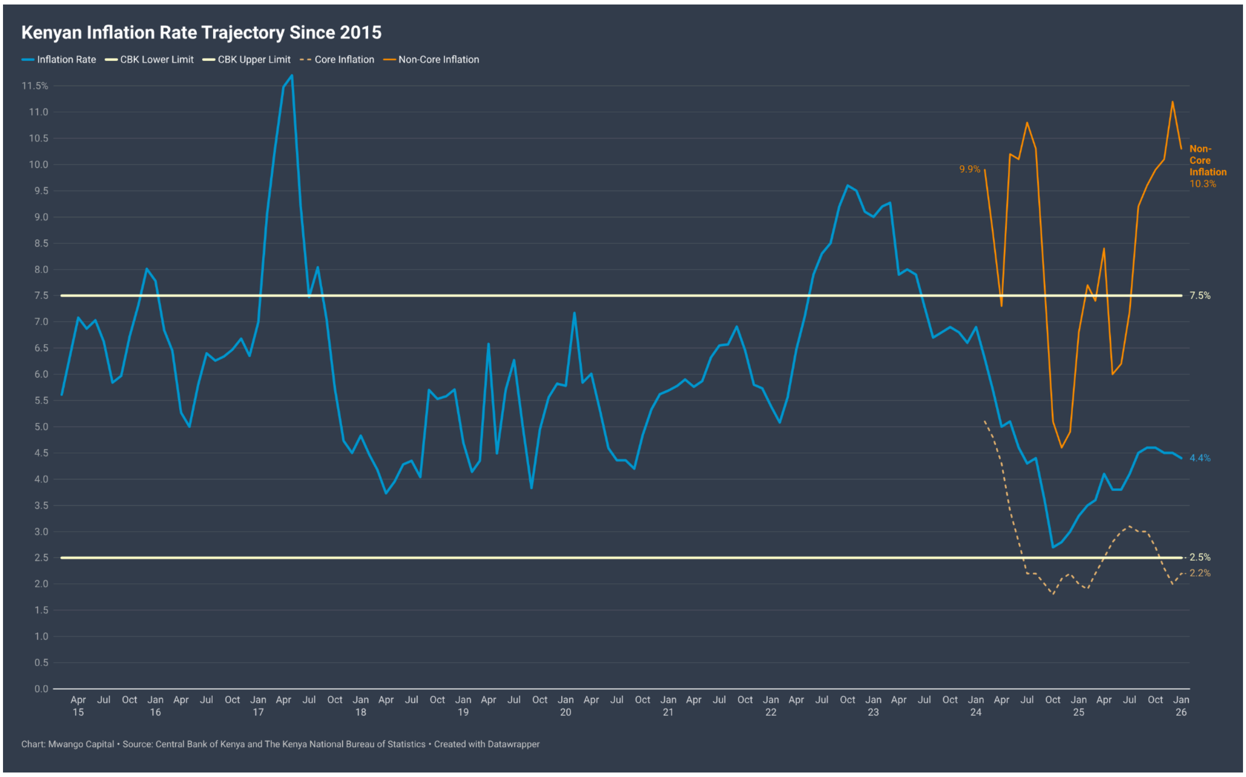
- **NMB Bank** reported total assets of [TZS 17.2T](), up 25% year-on-year, with customer deposits growing 30% to TZS 12.2T and loans advancing 23% to TZS 10.4T. Net interest income rose 12.8% to TZS 1.2T, while profit after tax increased 15.9% to TZS 749.8B.
- **CRDB** posted total assets of [TZS 22.2T](), up 8.6% quarter-on-quarter, supported by 7.1% growth in loans to TZS 13.7T, 22% expansion in government securities to TZS 3.3T, and 6.7% growth in deposits to TZS 14.7T. On a year-on-year basis, net interest income rose 25.6% to TZS 1.38T, non-interest income grew 31% to TZS 684B, and profit after tax surged 31% to TZS 724.6B.



🚩| Koko Networks Faces Collapse Over Carbon Credit Dispute | Koko Networks, a clean cooking venture supported by Vitol and the World Bank, is heading toward bankruptcy after Kenya's government withheld the authorization letters required to sell carbon credits in compliance markets, which form the foundation of its financing model. The company has deployed USD 300M to build infrastructure supplying bioethanol to 1.3M low-income urban households, selling stoves and fuel below cost and recovering the shortfall through carbon credit sales to airlines participating in an International Civil Aviation Organization program, where credits command roughly USD 20 versus approximately USD 2 in voluntary markets. Koko is preparing to file a claim with the

World Bank's Multilateral Investment Guarantee Agency for USD 179.6M under a political risk insurance policy issued in March 2024, arguing that Kenya breached its contractual obligations under a June 2024 investment framework agreement.
Source: [FT]

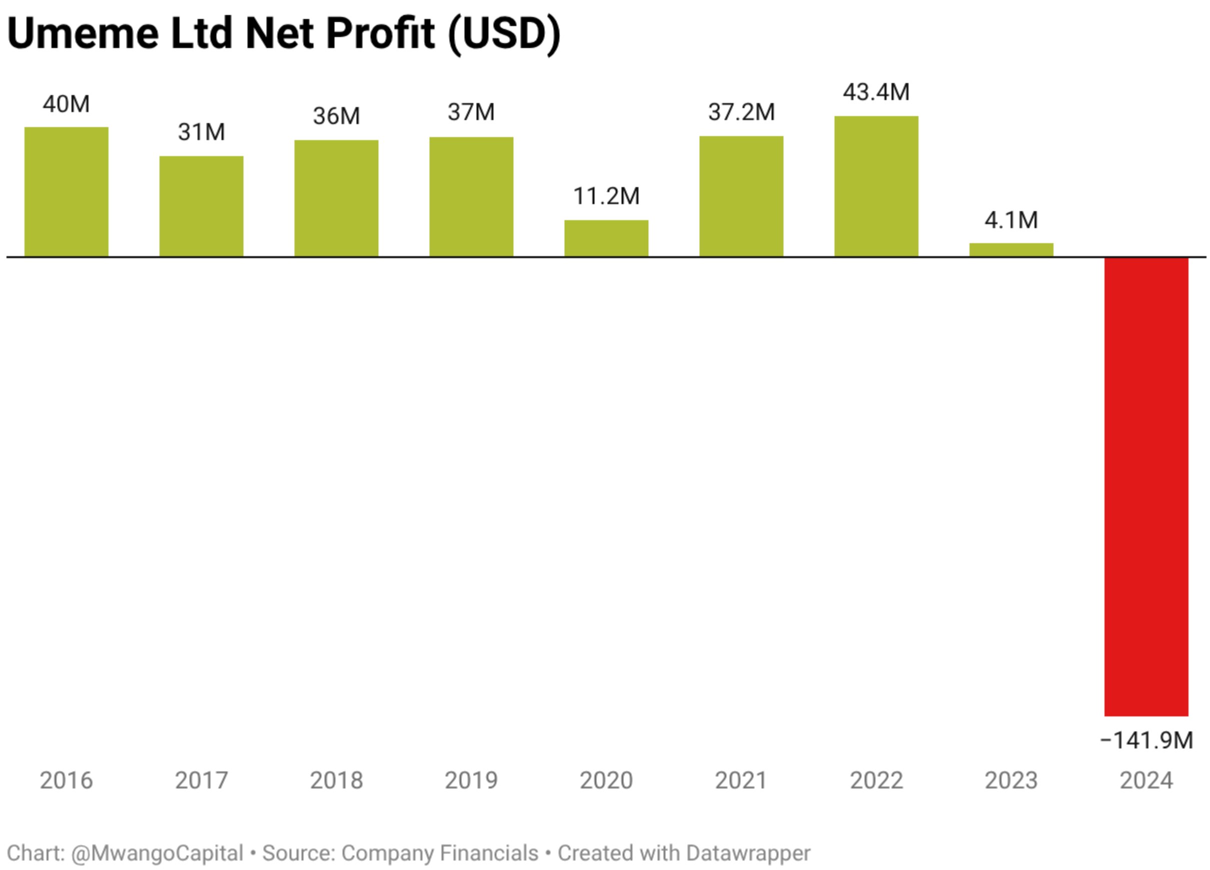
📊| **Kenya's Inflation Edges Down to 4.4% in January 2026 |** Annual consumer price inflation eased to [4.4%] in January 2026 from 4.5% in December 2025, partly driven by base effects reflecting relatively higher price levels in the corresponding period of the previous year. The increase was primarily driven by Food and Non-Alcoholic Beverages (7.3%), Transport (4.8%), and Housing, Water, Electricity, Gas and other fuels (2.2%), the three categories that collectively account for over 57% of the CPI basket. Core inflation, which excludes volatile items like fresh food and energy, rose to 2.2% from 2.0% in December, with the index increasing from 130.09 to 130.60. Non-core inflation declined more sharply to 10.3% from 11.2% in December, indicating moderating pressure in volatile commodity categories.



✅| **Standard Bank Acquires Stake in Nedbank Amid NCBA Deal |** Standard Bank Group has acquired a [5.57%] beneficial interest in Nedbank Group through market purchases, triggering mandatory disclosure under South African company law and JSE listing requirements. The stake acquisition comes as Nedbank pursues a deal to acquire up to 66% of Kenya's NCBA Group, a transaction that follows earlier market speculation that Standard Bank itself had been interested in the Kenyan lender.

🚩| **Umeme Issues Profit Warning for Second Consecutive Year |** Umeme Limited has issued a profit warning indicating the company will likely register a loss for the year ended 31 December 2025, marking its second consecutive annual loss following a UGX 510.6B loss in 2024. The Board attributes the expected loss primarily to the cessation of operating revenue generation at the end of the first quarter of 2025, following the natural expiry of its 20-year electricity distribution concession in Uganda on 31 March 2025.

The company continues to pursue outstanding claims against the Government of Uganda through the dispute resolution process stipulated in the Privatization Agreements, though no material developments have been disclosed. The consecutive losses highlight the financial impact of losing the core concession that had underpinned Umeme's business model for two decades, leaving the company dependent on the outcome of its legal claims for potential recovery.



📄| **EPRA Scraps Power Sector Tariff Framework |** The Energy and Petroleum Regulatory Authority has revoked multiple tariffs and return frameworks that previously governed investments in Kenya's power sector, including guidelines on allowed return on equity and investment, indicative feed-in tariffs, benchmark tariffs for renewable energy auctions, and benchmark generation tariffs for geothermal power. The reset creates conflicting possibilities: it grants Kenya Power greater latitude to negotiate lower tariffs without being constrained by the previous framework, but simultaneously opens a pathway for developers to make a clearer case for fully cost-reflective tariffs, provided constructive engagement from the utility. The regulatory shift represents a material change in how new projects will be structured and priced, though the absence of established benchmarks introduces uncertainty around investment returns and tariff predictability.

🏦| **Kenyan Banks Shift to CBR-Based Loan Pricing |** KCB has joined DTB, Equity Bank, and Credit Bank in adopting the Central Bank of Kenya's revised Risk-Based Credit Pricing Model, with all four lenders transitioning existing KES-denominated variable-rate loans to Central Bank Rate plus individual risk premiums effective March 1, 2026 (DTB from February 28). The move affects loans issued on or before November 30, 2025, replacing bank-specific reference rates with the CBR benchmark to standardize pricing across the sector. Cooperative Bank, however, has chosen a different path, maintaining KESONIA (Kenya Secured Overnight Interest Rate Average) rather than CBR as the anchor for its existing variable KES loans, making it the only major lender to diverge from the CBR-based framework.

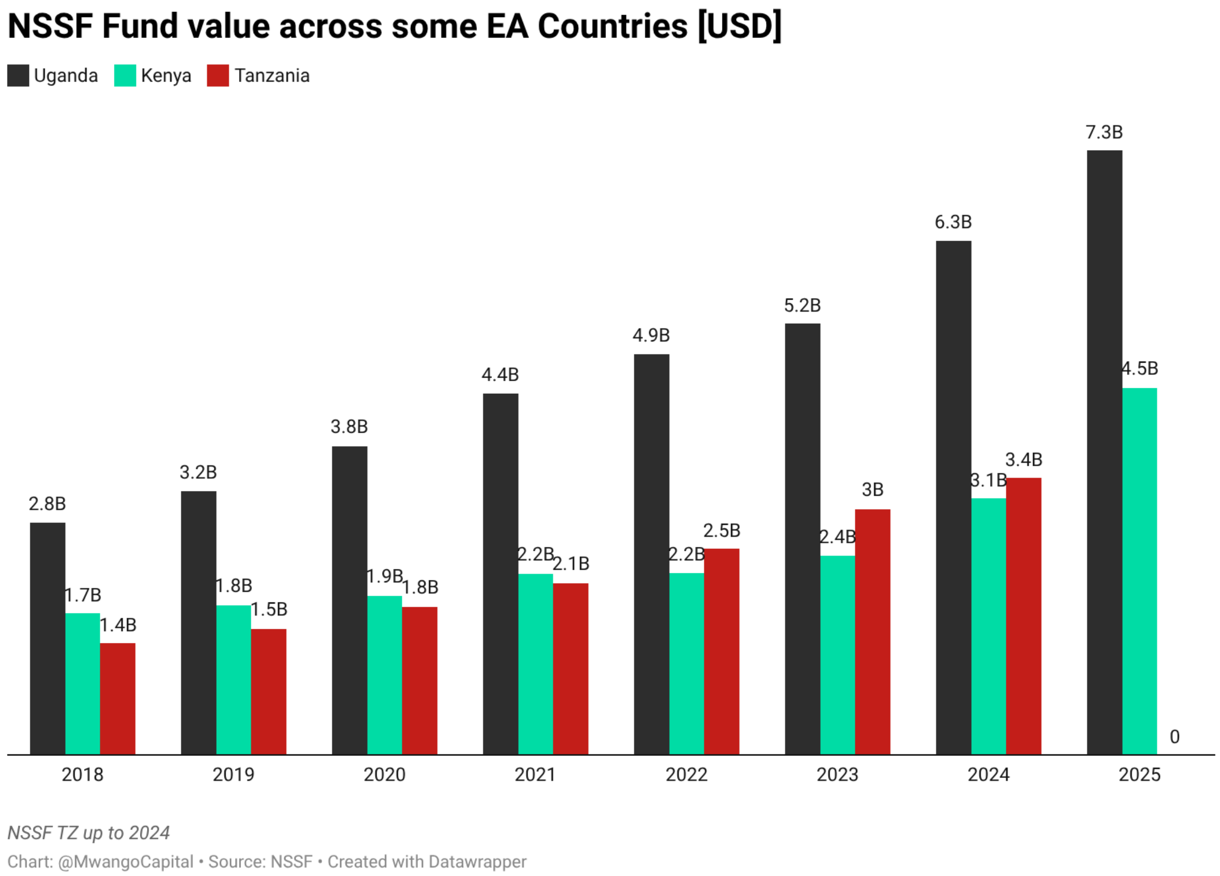
⚖️| **Supreme Court Blocks Kakuzi Land Transfer Pending Appeal |** The Supreme Court has granted Kakuzi Plc a stay of execution, halting the transfer of approximately 70 acres awarded to Makuyu Club by the Environment and Land Court and affirmed by the Court of Appeal, pending determination of Kakuzi's substantive appeal. The Court held that Kakuzi's appeal is arguable, having been certified as raising issues of general public importance, and found that execution before the appeal is heard would render the appeal nugatory given the irreversible consequences of land transfer. In balancing interests, the Court emphasized preservation of the status quo, noting that Makuyu Club remains in occupation and would suffer no irreparable prejudice from the delay, while public interest favored restraint until final adjudication of the dispute.

⚖️| **Del Monte Kenya Faces KES 6.76B Tax Bill Over Profit Shifting |** The Tax Appeals Tribunal upheld a KES 6.76B tax demand against Del Monte Kenya, ruling that the company understated local income by shifting profits offshore through related-party sales and intercompany financing arrangements. The Tribunal agreed with KRA that key functions including farming, processing, quality control, logistics and sales were carried out in Kenya, meaning the bulk of profits should have been taxed locally rather than booked to Del Monte International GmbH in Switzerland. It also backed the disallowance of interest expenses on loans from Del Monte Fund BV, finding the financing was not at arm's length and depressed the Kenyan unit's profits. The liability comprises two assessments totaling KES 1.76B for 2018 and KES 4.959B covering 2019-2021

🤝**| AMAC Secures 1,500 Global Buyers for Commodities Platform |** Africa Mega Agricultural Corp has signed an agreement at Gulfood Dubai to onboard over 1,500 international buyers onto its digital commodities exchange platform. The deal, executed on January 29, 2026, positions Dubai as a central hub for buyer aggregation, settlement, and re-export of African agricultural commodities, with rollout expected in the coming weeks. AMAC's platform connects vetted exporters, institutional buyers, logistics providers, and financial institutions through standardized digital workflows across fresh produce, long-life exports, and FMCG distribution. The company, formerly Kenya Orchards Ltd before its 2024 rebrand, maintains a Dubai subsidiary supporting escrow, warehousing, and re-export capabilities. The transaction does not involve any change in shareholding structure.

📄**| Ethiopia Reviews 66 IPO Applications |** Ethiopia's Capital Markets Authority is reviewing 66 prospectus applications, with more than 45 from the financial services sector. Two issuances have been approved, with more to be considered weekly. So far, Ethiopia has three listed companies: Wegagen Bank, Gadaa Bank, and Ethio Telecom. In comparison, Kenya has 64 companies listed on the Nairobi Securities Exchange (NSE)

Chart of the Week



For more, check out: https://mwangocapital.substack.com/