

Proposed Title: Absa Kenya Kicks Off Banks' Earnings Season

In this week's newsletter, we cover Absa Kenya's FY 2025 results, Nedbank Group's expansion into East Africa, and Kenya Pipeline's IPO results

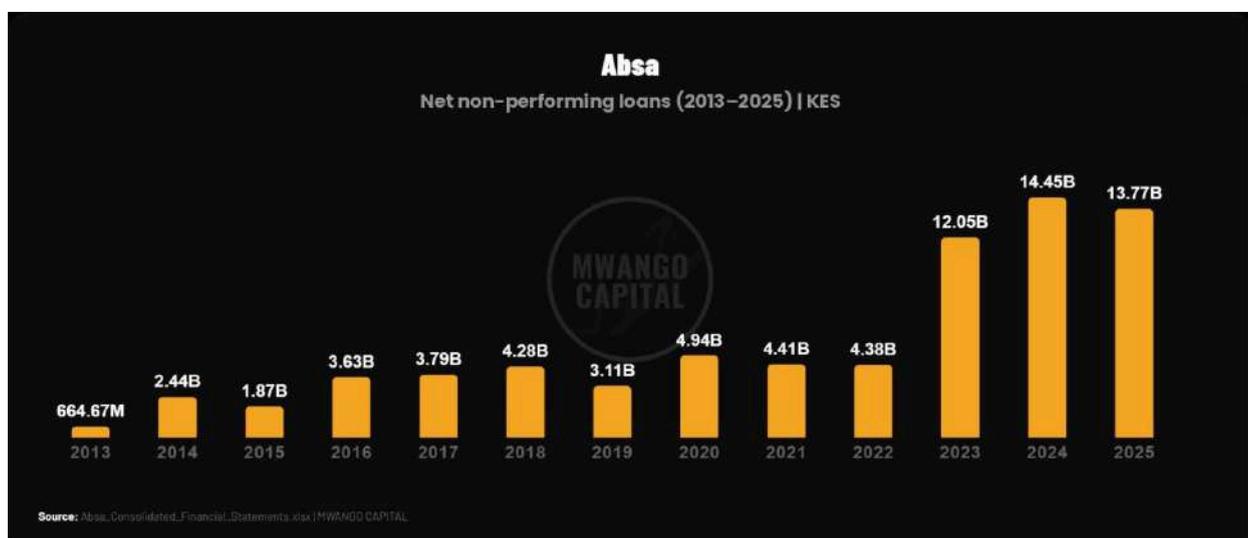
Absa Bank Kenya FY 25 Results

Earnings resilience amid margin pressure: Absa Bank Kenya reported FY 25 Profit After Tax of KES 22.9B (+9.7% YoY), delivering resilient earnings despite a declining rate environment. Total operating income edged down 1.6% to KES 61.4B, reflecting net interest income falling 6.4% to KES 43.3B as the CBR declined ~250bps during the year, compressing lending margins. Earnings growth was therefore driven primarily by lower credit costs and operating efficiency, with loan loss provisions declining 32% to KES 6.2B and operating expenses falling 5%, bringing the cost-to-income ratio to ~37% and sustaining ROE of ~23%.



Balance sheet positioning and asset quality improvement: Balance sheet growth remained modest amid subdued credit demand. Total assets increased 6.2% to KES 537.6B, while customer loans grew 1% to KES 312.2B and customer deposits rose 1.4% to KES 372.4B. Asset quality improved materially, with gross NPLs declining to ~KES 39B (from ~KES 42B) and the NPL ratio improving to ~11.4%, supported by recoveries and portfolio clean-up. The loan loss ratio declined to ~2.0% (from ~2.9%), reinforcing the improvement in credit performance. On the funding side, the bank continued to optimize its liability mix, with transactional deposits rising to ~66% of

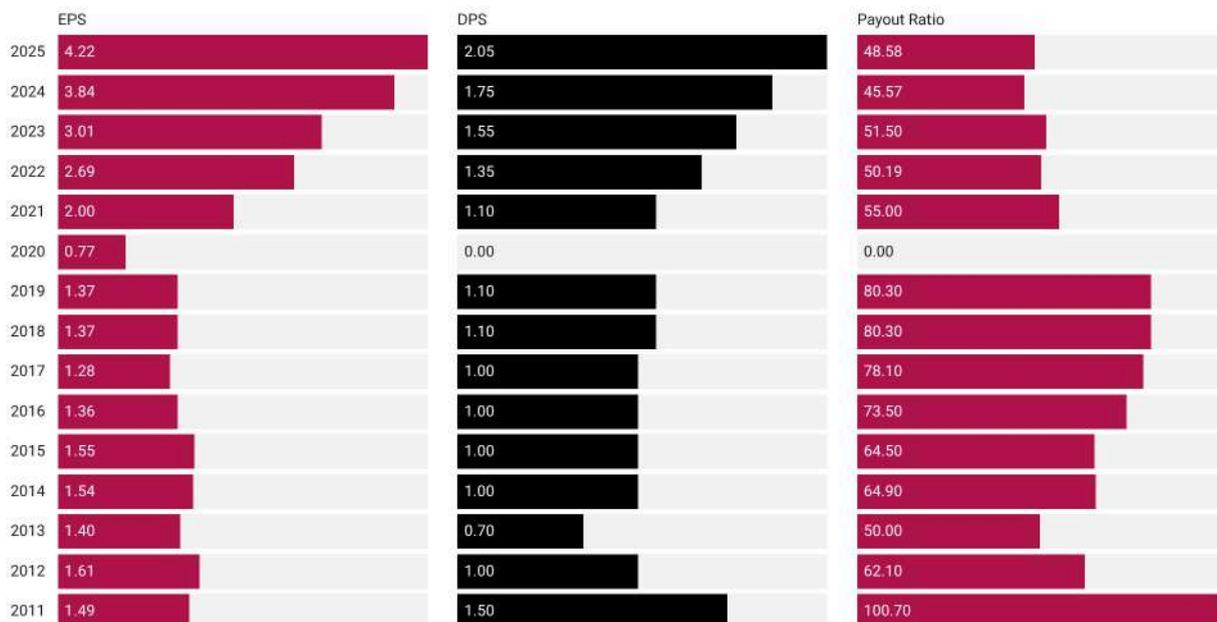
total deposits, helping reduce the cost of funds from 5.1% to 3.4%.



Revenue diversification and strategic positioning: The results underscored a continued shift toward fee-based revenue and digital efficiency. Non-interest income rose 12% YoY, driven by growth in asset management, bancassurance, custody, and FX, with new businesses now contributing ~7% of total revenue. The board proposed a total dividend of KES 2.05 per share (+17% YoY), implying a ~49% payout ratio, reflecting a strong capital position. The visit of Group CEO Kenny Fihla to Kenya last month also reinforced the strategic importance of the Kenyan franchise within the Group’s regional growth agenda. Notably, the key variable for FY2026 will be whether improving credit demand and stabilising margins translate into stronger loan growth as the rate cycle turns.

Absa Bank Kenya Dividend Track Record (KES)

■ EPS ■ DPS ■ Payout Ratio



Average FY 2011 - FY 2024 Dividend Payout Ratio: 61.2%

Chart: Mwangi Capital • Source: Company Financial Statements • Created with Datawrapper

What Management Said: Management hosted a briefing following the results and fielded questions across margins, asset quality, balance sheet positioning and capital allocation. Here are some key points we picked up:

- **Margins:** Management said FY2025 margin pressure was largely mechanical after the ~250bps CBR decline, with lending yields down ~270bps vs deposits down ~170bps, resulting in ~100bps NIM compression. Management indicated the sharp rate cuts seen in late-2024/early-2025 are unlikely to repeat, suggesting margins are near the trough.
- **Asset quality:** Management said improved collections, portfolio clean-up, and repayment of county/quasi-government arrears drove credit improvement. Gross NPLs declined to ~KES 39B (from ~KES 43B) and the NPL ratio improved to ~11.4%, while the loan loss ratio fell to ~2.0%. Management emphasised that recoveries cited represent actual collections rather than restructures.
- **Balance sheet mix:** Management noted that weak credit demand led to higher allocations to government securities (~+15% YoY) while maintaining diversified exposures across consumer and corporate lending. Transactional deposits increased to ~66% of deposits, helping lower the cost of funds to 3.4% (from 5.1%).

- **Revenue diversification:** Management said new businesses now contribute ~7% of revenue, with strong growth in asset management (AUM +53% to ~KES 46B), bancassurance (+37% revenue), and custody (AUM ~KES 17B → ~KES 46B). FX market share increased to ~15% (from ~9%), moving the bank from #6 to #2 in the market.
- **Capital and strategy:** Management acknowledged higher shareholder payout expectations and referenced a ~55% payout ratio target over time (vs ~49–50% currently). Management also said there is no branch-closure strategy, noting ~80% of branch transactions are cash and ~77% SME-related across ~90 branches, while the bank remains open to M&A opportunities. Key risks flagged were geopolitical shocks and the domestic election cycle.”

| The Mwango Capital Snapshot | | | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|----------------------------------|---------|---------|---------|---------|---------|
| Absa Kenya (KES 000) | FY 2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 | Growth YoY | FY 2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 |
| Total Assets | 537,645,353 | 506,476,258 | 519,795,508 | 477,233,937 | 428,689,603 | Total Assets | 6.2% | -2.6% | 8.9% | 11.3% | 13.0% |
| Customer Deposits | 372,382,837 | 367,114,721 | 362,749,279 | 303,751,003 | 268,716,653 | Customer Deposits | 1.4% | 1.2% | 19.4% | 13.0% | 5.9% |
| Loans & Advances | 312,166,142 | 309,097,555 | 335,713,679 | 283,578,543 | 234,234,076 | Loans & Advances | 1.0% | -7.9% | 18.4% | 21.1% | 12.2% |
| Interest Income - Loans & Advances | 42,848,617 | 53,374,238 | 44,252,616 | 30,681,559 | 23,095,489 | Interest Income - Loans & Advan | -19.7% | 20.6% | 44.2% | 32.8% | 3.6% |
| Interest Income - Govt Securities | 13,246,524 | 9,400,552 | 9,178,475 | 9,420,791 | 8,296,579 | Interest Income - Govt Securitie | 40.9% | 2.4% | -2.6% | 13.6% | -7.5% |
| Total Interest income | 57,672,451 | 64,726,571 | 54,263,232 | 40,853,101 | 32,038,310 | Total Interest income | -10.9% | 19.3% | 32.8% | 27.5% | 1.9% |
| Net Interest Income | 43,288,269 | 46,227,774 | 40,043,785 | 32,315,358 | 25,256,912 | Net Interest Income | -6.4% | 15.4% | 23.9% | 27.9% | 8.0% |
| Loan Loss Provisions | 6,200,051 | 9,096,610 | 9,244,453 | 6,479,523 | 4,709,210 | Loan Loss Provisions | -31.8% | -1.6% | 42.7% | 37.6% | -47.8% |
| Profit Before Tax | 32,730,157 | 29,719,669 | 23,678,091 | 20,849,314 | 15,548,954 | Profit Before Tax | 10.1% | 25.5% | 13.6% | 34.1% | 75.7% |
| Profit After Tax | 22,905,430 | 20,875,701 | 16,367,329 | 14,587,166 | 10,869,969 | Profit After Tax | 9.7% | 27.5% | 12.2% | 34.2% | 161.2% |
| EPS | 4.22 | 3.84 | 3.01 | 2.69 | 2.00 | EPS | 9.9% | 27.6% | 11.9% | 34.5% | 159.7% |
| DPS | 2.05 | 1.75 | 1.55 | 1.35 | 1.10 | DPS | 17.1% | 12.9% | 14.8% | 22.7% | |
| Gross Non-Performing Loans | 38,910,239 | 42,470,812 | 35,254,674 | 22,519,244 | 19,817,024 | Gross Non-Performing Loans | -8.4% | 20.5% | 56.6% | 13.6% | 15.9% |
| Net Non Performing Loans | 13,767,667 | 14,445,198 | 12,049,401 | 4,380,592 | 4,412,718 | Net Non Performing Loans | -4.7% | 19.9% | 175.1% | -0.7% | -10.7% |

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Nedbank Group's Expansion into East Africa

Transaction Structure and Valuation: Last week, Nedbank outlined the structure of its proposed acquisition of a 66% controlling stake in NCBA, a transaction valued at ZAR 13.9B (≈KES 115B) and priced at 1.4x P/B. The consideration comprises ZAR 10.9B in equity (≈KES 90B) and ZAR 3.0B in cash (≈KES 25B), with up to 43.8M new Nedbank shares issued at ZAR 250/share (≈KES 1,930). For every 100 NCBA shares tendered, shareholders will receive 4.02994 Nedbank shares plus KES 2,100 in cash, implying a blended valuation of about KES 98.8 per NCBA share, while certain investors may receive KES 10,500 per 100 shares entirely in cash.

| East Africa – a region of significant strategic importance | NCBA – one of East Africa's most prominent financial institutions | Nedbank & NCBA – potential synergies |
|--|---|---|
| <ul style="list-style-type: none"> Strong macroeconomic fundamentals Size of the economy & attractive growth prospects A large & growing population Primary trade corridor that links Africa with the Middle East, India & Asia A robust regulatory environment Relatively stable operating environment | <ul style="list-style-type: none"> Top tier 1 bank in Kenya <ul style="list-style-type: none"> Assets¹: KES 663bn (6% of Nedbank) Earnings¹: KES 23.1bn (11% of Nedbank @ c66%) ROE¹: 21.0% CIR¹: 51.2% Total CAR¹: 22.4% Strong brand presence Strong & extensive regional presence – operates across Kenya, Uganda, Tanzania & Rwanda, with a digital presence in Ivory Coast & Ghana 122 branches & over 60 million clients Established reputation for innovation, advanced digital banking services & excellence in asset finance <p><small>¹Based on NCBA & Nedbank's trailing 12M results to 30 June 2025.</small></p> | <ul style="list-style-type: none"> Nedbank to benefit from NCBA's strong financial position & growth prospects, regional presence, client base & technology capabilities to diversify & grow earnings NCBA to benefit from Nedbank's established CIB expertise, cross-border structuring capabilities & strong balance sheet NCBA will ... <ul style="list-style-type: none"> retain its brand retain its local leadership team remain independently governed retain its NSE listing |
| <p>Transaction P/B ratio at 1.4x – reflects an appropriate premium for a controlling stake in a tier 1 bank with a regional presence, capable leadership team, compelling dividend potential, strong capital base & an attractive digital offering</p> | | |

Execution Certainty and Capital Position: Transaction certainty has improved with 77.5% irrevocable undertakings, while the Capital Markets Authority exemption granted on 19 February 2026 removes the requirement for a mandatory 100% offer. Nedbank is funding the acquisition from a strong capital base, ending FY2025 with a CET1 ratio of 12.9%, above its 11–12.5% target range, after completing a ZAR 2.4B share buyback during the year. Management indicated the acquisition is expected to reduce CET1 by ~30–40bps, which remains manageable within its capital framework. NCBA will retain its brand, leadership, governance framework, and NSE listing.

| Offer to acquire c66% of NCBA shares | Key numbers/ calculations/assumptions | Potential impact on Nedbank earnings & ROE (step-by-step guide) | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---------|------|--------|--------------|----------------|------------------|---------|--------------------|------------|--------------------|--------------|------------------------|----------|-------------------|-----|---|----------------|------------------------|---------|-----------------------|----------------|---|
| <ul style="list-style-type: none"> CMA exemption – received exemption from the requirement to make a mandatory offer to acquire 100% of NCBA shares on 19 Feb 2026 For every 100 NCBA shares (adjusted <i>pro rata</i>), a NCBA shareholder will receive: <ul style="list-style-type: none"> 4.02994 NED shares (issued at R250/share at a spot rate of 7.7143 KES/rand) Cash amount of KES 2 100 Exceptions: institutional shareholders who cannot hold NED shares or those that would receive < 200 NED shares, receive all proceeds in cash: KES 10 500 Max number of NED shares to be issued: 43.8m Max cash amount will not exceed: KES 31.6bn Irrevocable undertakings: 77.5% of NCBA shares | <p>Estimated purchase price & equity/cash mix</p> <table> <tr> <td>Equity</td> <td>R10.9bn</td> </tr> <tr> <td>Cash</td> <td>R3.0bn</td> </tr> <tr> <td>Total</td> <td>R13.9bn</td> </tr> </table> <p>Number of NED shares to be issued</p> <table> <tr> <td>Committed equity</td> <td>R10.9bn</td> </tr> <tr> <td>Agreed share price</td> <td>R250/share</td> </tr> <tr> <td># of shares</td> <td>43.8m</td> </tr> </table> <p>Illustrated FV calculation of NCBA at time of transaction</p> <table> <tr> <td>Est NAV less dividends</td> <td>R15.7bn*</td> </tr> <tr> <td>x Nedbank holding</td> <td>66%</td> </tr> <tr> <td>=</td> <td>R10.4bn</td> </tr> <tr> <td>Goodwill & intangibles</td> <td>R4.0bn*</td> </tr> <tr> <td>Purchase price</td> <td>R13.9bn</td> </tr> </table> | Equity | R10.9bn | Cash | R3.0bn | Total | R13.9bn | Committed equity | R10.9bn | Agreed share price | R250/share | # of shares | 43.8m | Est NAV less dividends | R15.7bn* | x Nedbank holding | 66% | = | R10.4bn | Goodwill & intangibles | R4.0bn* | Purchase price | R13.9bn | <p>1. Headline earnings</p> <ul style="list-style-type: none"> Adjust Nedbank HE (Y+1) for the opportunity cost of funding (R3.0bn) & amortisation of intangibles (est. 10% pa.) Post deal HE = adjusted Nedbank HE (Y+1) + 66% of NCBA HE (Y+1) <p>2. DHEPS = post deal HE (#1)/Nedbank shares (Y+1) + 43.8m new shares</p> <p>3. Average equity</p> <ul style="list-style-type: none"> Nedbank average equity (Y+1) + New share issuance at transaction date (NED share price x 43.8m shares) <p>4. ROE = post deal HE (#1)/Post deal average equity (#3)</p> |
| Equity | R10.9bn | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | R3.0bn | | | | | | | | | | | | | | | | | | | | | | | |
| Total | R13.9bn | | | | | | | | | | | | | | | | | | | | | | | |
| Committed equity | R10.9bn | | | | | | | | | | | | | | | | | | | | | | | |
| Agreed share price | R250/share | | | | | | | | | | | | | | | | | | | | | | | |
| # of shares | 43.8m | | | | | | | | | | | | | | | | | | | | | | | |
| Est NAV less dividends | R15.7bn* | | | | | | | | | | | | | | | | | | | | | | | |
| x Nedbank holding | 66% | | | | | | | | | | | | | | | | | | | | | | | |
| = | R10.4bn | | | | | | | | | | | | | | | | | | | | | | | |
| Goodwill & intangibles | R4.0bn* | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase price | R13.9bn | | | | | | | | | | | | | | | | | | | | | | | |

Lessons from ETI and Strategic Rationale: Management contrasted the structure with its former 21% minority stake in Ecobank Transnational Incorporated, where limited ownership constrained influence over strategy, risk, and execution while exposing Nedbank to volatile associate earnings. The exit crystallised a ZAR 8.6B non-headline

accounting impact, confirming the NAV drag of a minority structure. The ~66% stake in NCBA is therefore designed to secure control over strategy, capital allocation, and risk management, strengthening the link between earnings and dividend flows.

Strategically, Nedbank sees the transaction as a platform to diversify earnings beyond South Africa, expand into East Africa's SME and retail segments, and deploy its CIB capabilities in infrastructure, energy, and trade finance across the region.

Kenya Pipeline IPO: Institutional Capital Dominates

Institutional investors anchor the deal: Kenya's first state-led IPO since the Safaricom listing in 2008 saw the government sell 11.81B shares of Kenya Pipeline Company (KPC) at KES 9 each, raising ~KES 106.3B with the offer closing 105.7% subscribed after 12.49B shares were applied for. Demand was driven overwhelmingly by institutional capital, with local institutional investors, led by pension funds including NSSF, holding about 41% of the company, while the Government of Kenya retains 35%. Retail participation was modest despite over 70,000 investors participating, with local retail investors ultimately holding just 2.56% of the company, highlighting the limited appetite among households for a large state divestiture. IPO proceeds will seed the National Infrastructure Fund, which Treasury intends to scale to KES 500B–600B to finance commercially viable infrastructure projects across roads, railways, ports, airports, power, and irrigation, with funds deployed through equity investments designed to crowd in private capital. The company will be listed at the NSE for trading starting Tuesday, 10th March 2026.

Kenya Pipeline Post IPO Ownership Percentages

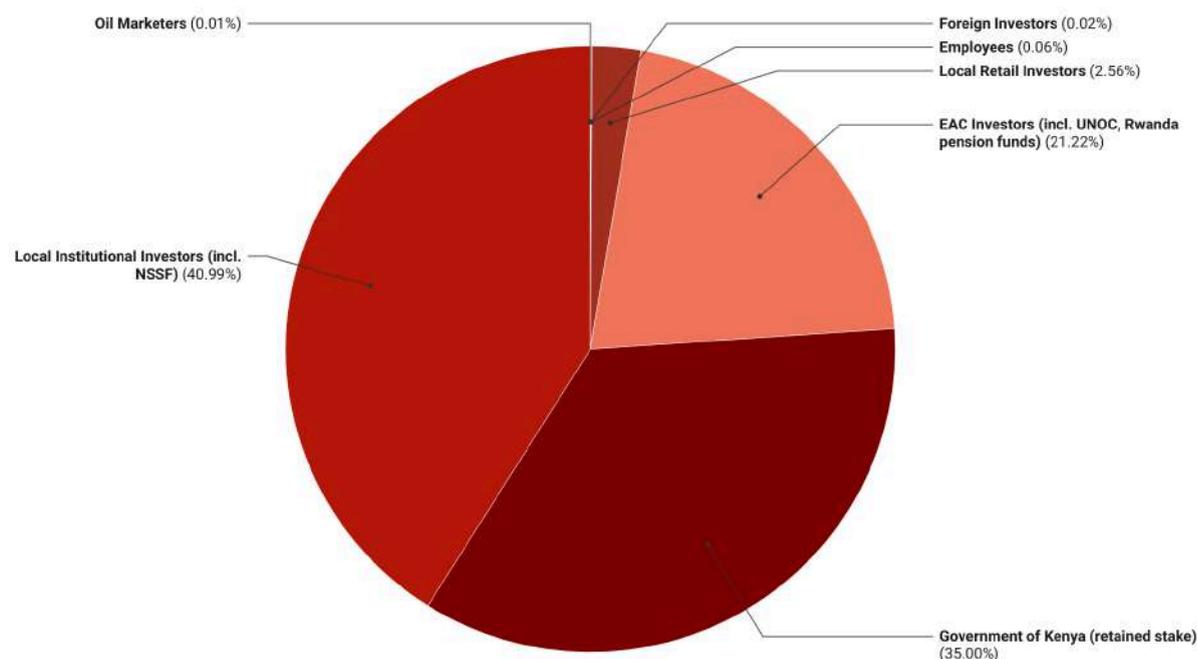


Chart: Mwango Capital • Source: Kenya Pipeline • Created with Datawrapper

Regional capital steps in as foreign investors stay cautious: Foreign participation was minimal, accounting for just 0.02% of post-IPO shareholding, reflecting investor caution following valuation debates and court challenges during the offer period. The most significant external participation instead came from the region. East African Community investors will hold 21.2% of KPC, largely driven by the Uganda National Oil Company (UNOC), which secured ~20.15% of the company, with most of the remainder taken up by Rwanda's pension sector. Uganda's entry followed strong lobbying for a strategic stake and board representation, positioning it as the largest regional shareholder in a company that sits at the center of East Africa's petroleum logistics network.

Kenya Pipeline IPO Results

The Government of Kenya was seeking to raise about KES 106.3B at KES 9 per share.

| Investor Category | Allocation Policy (% of Offer) | Actual Allocation of IPO | Post-IPO Stake in KPC |
|--------------------------------|--------------------------------|--------------------------|-----------------------|
| Kenyan Retail Investors | 20% | ~3.9% | 2.56% |
| Kenyan Institutional Investors | 20% | ~63.1% | 41% |
| KPC Employees | 5% | ~0.09% | 0.06% |
| EAC Investors | 20% | ~32.6% | 21.2% |
| Oil Marketing Companies (OMCs) | 15% | ~0.02% | 0.014% |
| Foreign Investors | 20% | ~0.03% | 0.02% |
| Total | 100% of IPO shares | ~100% of IPO shares | 65% of Company |

Table: Mwangi Capital • Created with Datawrapper

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Markets in Brief

NSE Week 10 Highlights: Activity at the Nairobi Securities Exchange softened in Week 10, with the NSE All Share Index (NASI) declining 3.55% to close at 208.4, reversing part of the gains recorded in the previous week. Africa Mega Agricornp emerged as the top gainer, rising 10.7% to KES 108.25, while Uchumi Supermarket recorded the steepest decline, falling 38.6% to KES 1.80 after the strong rally seen in earlier weeks.

Equity turnover eased 22.2% to KES 5.4B, reflecting reduced activity in the equities

segment. Bond turnover also slowed significantly, dropping 47.5% to KES 71.49B, though fixed income continued to dominate overall market activity. The market's total capitalization declined 3.55% to KES 3.28T, in line with the broader index pullback. Local investor participation stood at 62.95% (KES 3.45B), while foreign investors accounted for 37.05% (KES 2.03B) of market activity. Despite the higher relative share of foreign participation, the market recorded a net foreign outflow of KES 0.56B during the week.

| The Mwango Capital Weekly Market Wrap | | | | | |
|--|------------------|---------------------------------|---------------------------------------|------------|---------------|
| Week 10 (27 to 6 March 2026) | | | | | |
| NSE Top Gainers & Losers in Week 10 | | | NSE Upcoming Corporate Actions | | |
| Top Gainers | Ticker | 27 Feb | 6 Mar | Change (%) | YTD % |
| Africa Mega Agricorp | AMAC | 97.75 | 109.25 | 10.7% | 53.55% |
| BK Group Plc | BKG | 45.10 | 47.35 | 5.0% | 11.41% |
| Co-operative Bank of Kenya | COOP | 29.20 | 30.00 | 2.7% | 25.26% |
| Total Kenya Limited | TOTL | 47.85 | 43.75 | -2.1% | -13.49% |
| TPS EA Serena | TPSE | 16.55 | 16.85 | 1.8% | 14.63% |
| Top Losers | Ticker | 27 Feb | 6 Mar | Change (%) | YTD % |
| Uchumi Supermarket | UCHM | 2.93 | 1.80 | -38.6% | -74.79% |
| Flame Tree Group Holdings | FTGH | 2.83 | 2.35 | -17.0% | -49.66% |
| Sameer Africa Plc | SMER | 19.80 | 17.05 | -13.9% | -19.65% |
| Kenya Airways Limited | KQ | 5.60 | 4.91 | -12.3% | -30.09% |
| Britam Holdings Limited | BRIT | 12.95 | 11.60 | -10.4% | -27.47% |
| Date | Corporate | Corporate Action | | | |
| 11 March 2026 | Liberty | FY 2025 Results | | | |
| 11 March 2026 | KCB | FY 2025 Results | | | |
| 11 March 2026 | Stanbic | FY 2025 Results | | | |
| 17 March 2026 | Equity | FY 2025 Results | | | |
| 18 March 2026 | Stanchart | FY 2025 Results | | | |
| 19 March 2026 | Co-op | FY 2025 Results | | | |
| 23 March 2026 | HF | FY 2025 Results | | | |
| 25 March 2026 | IBM | FY 2025 Results | | | |
| 26 March 2026 | NCBA | FY 2025 Results | | | |
| 27 March 2026 | KPLC | Interim Div. Payment (KES 0.1) | | | |
| 31 March 2026 | Safaricom | Interim Div. Payment (KES 0.85) | | | |
| The NSE This Week | | | | | |
| | | Week 09 | Week 10 | Change (%) | YTD % |
| NSE All Share Index | NASI | 216.1 | 208.4 | -3.55% | 11.70% |
| NSE 20 Share Index | NSE 20 | 3,750.5 | 3,604.5 | -3.88% | 14.83% |
| NSE 10 Share Index | NSE 10 | 2,268.4 | 2,199.0 | -3.06% | 11.89% |
| NSE 25 Share Index | NSE 25 | 5,948.3 | 5,761.8 | -3.15% | 13.05% |
| Banking Sector Index | Banking Index | 245.9 | 238.22 | -3.12% | 15.98% |
| Market Cap (KES B) | CAP | 3,410.1 | 3,289.0 | -3.55% | 11.70% |
| Volume (M) | | 287.6 | 181.9 | | -36.7% |
| Equity Turnover (Kes. Mn) | | 7,055.00 | 5,488.00 | | -22.2% |
| Bond Turnover (Kes. Mn) | | 136,225.33 | 71,493.55 | | -47.5% |
| NSE Foreign Participation in Week 10 | | | | | |
| KES (M) | Buys | Sales | Net | | |
| Mon, 2 Mar 2026 | 333.0 | 198.5 | 134.3 | | |
| Tue, 3 Mar 2026 | 615.4 | 389.8 | 425.6 | | |
| Wed, 4 Mar 2026 | 410.5 | 298.5 | 111.9 | | |
| Thu, 5 Mar 2026 | 80.9 | 456.5 | -375.6 | | |
| Fri, 6 Mar 2026 | 112.7 | 969.7 | -856.0 | | |
| Totals | 1,752.4 | 2,313.3 | -550.9 | | |
| Domestic Debt | | | | | |
| 5 Mar Offering (KES B) | Offered | Bids Received | Accepted | % Accepted | % performance |
| 91-Day | 1.00 | 1.95 | 1.05 | 100.00% | 48.65% |
| 182-Day | 10.00 | 15.16 | 15.16 | 99.99% | 151.60% |
| 364-Day | 10.00 | 83.32 | 24.31 | 29.16% | 833.17% |
| T-Bill Yields (%) | | | | | |
| | 27 Feb | 5 Mar | Change (bps) | | |
| 91-Day | 7.58 | 7.58 | 0.0 | | |
| 182-Day | 7.80 | 7.82 | 2.1 | | |
| 364-Day | 8.79 | 8.64 | -14.6 | | |
| Eurobond Yields | | | | | |
| KES (M) | 27-Feb | 5-Mar | TD Change (bps) | | |
| 10-Year 2028 | 5.96% | 5.36% | 40.0 | | |
| 6-Year 2031 | 6.94% | 7.45% | 52.0 | | |
| 12-Year 2032 | 7.00% | 7.67% | 58.0 | | |
| 13-Year 2034 | 8.13% | 8.60% | 47.0 | | |
| 30-Year 2048 | 8.96% | 9.31% | 35.0 | | |
| Sources: NSE, Central Bank of Kenya | | | | | |
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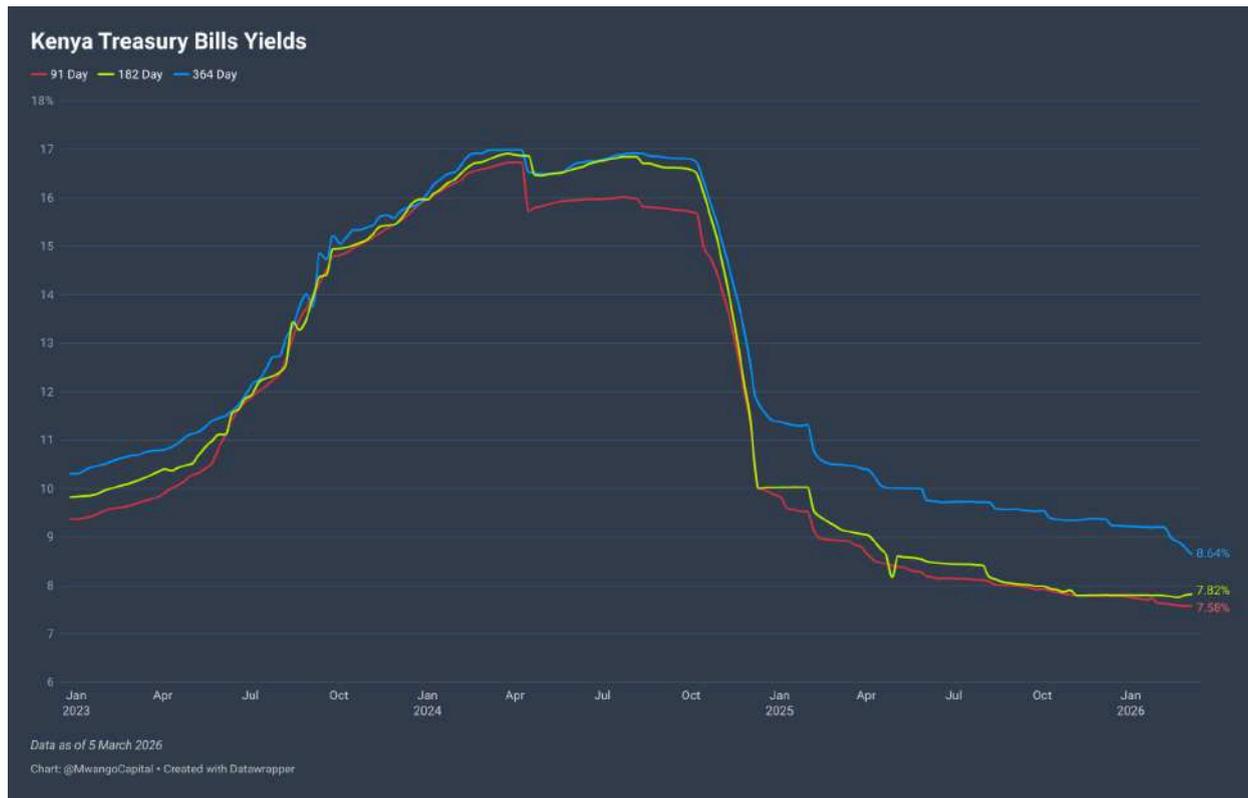
Notable developments at the NSE this week:

| Notable Events at the NSE This Week | | | |
|-------------------------------------|---------------------|----------------------|--|
| Date | Company | Event | Details |
| 2nd Mar | Safaricom | Regulatory | COMESA approved a transaction allowing Vodacom to increase its stake in Safaricom, concluding the deal does not threaten competition in Kenya or the region. |
| 4th Mar | Absa Bank Kenya | Dividend Declaration | Reported FY 25 Profit After Tax of KES 22.9B (+9.7% YoY). Net operating income edged down 1.6% to KES 61.4B, reflecting net interest income falling 6.4% to KES 43.3B. Declared final dividend of KES 1.85 per ordinary share [Total Dividend up 17% YoY to KES 2.05]. |
| 4th Mar | Kenya Pipeline | IPO Results | Government sold 11.81B shares of Kenya Pipeline Company (KPC) at KES 9 each, raising ~KES 106.3B with the offer closing with a 105.7% subscription rate after 12.49B shares were applied for. |
| 5th Mar | ALP Industrial REIT | Offer Results | The Restricted Offer raised USD 29.55M, achieving a 98.5% subscription rate, with an overall subscription of 115.17%, including an additional USD 5M commitment from InfraCo Africa. |
| 7th Mar | Safaricom | M-Pesa Milestone | M-PESA has now hit 40M customers in Kenya. It hit 30M customers in March 2022 and 34M in November 2024. |
| 7th Mar | NSE | Market Performance | The NSE ended the week lower with the benchmark NASI declining ~3% week-on-week, erasing part of the previous rally as profit-taking and foreign investor outflows weighed on large-cap counters. |

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Treasury Bills: Treasury bills were oversubscribed last week, with a subscription rate of 418.43%, up from 243.9% the previous week. Investors submitted bids totaling KES 100.4B, and the Central Bank of Kenya (CBK) accepted KES 41.4B against the KES 24B on offer. The 91-day T-bill yield fell by 0.05 basis points to 7.5795%, while the 364-day T-bill yield dropped by 14.6 basis points to 8.6434%. In contrast, the

182-day T-bill yield increased by 2.2 basis points to 7.8216%.



Treasury Bonds: Treasury Bonds: The government has issued a KES 15B bond switch inviting holders of FXD1/2021/005 (Nov 2026) to roll into FXD3/2019/015 (Jul 2034), offering a higher 12.34% coupon (vs 11.277%), lower 10% WHT (vs 15%), and extended duration of ~8.3 years (vs ~0.6 years). The move gives investors improved net yield and potential capital upside if yields compress, while allowing the government to ease near-term 2026 refinancing pressure by pushing maturities further

out the curve.

Central Bank of Kenya, acting in its capacity as fiscal agent for the Republic of Kenya, invites bids for the above bonds whose terms and conditions are as follows: -

| | SOURCE BOND | DESTINATION BOND |
|-----------------------------------|--|--|
| ISSUE NUMBER (S) | FXD1/2021/005 | FXD3/2019/015 |
| ISIN | KE7000006655 | KE6000001328 |
| TENOR | Five (0.6 years to maturity) | Fifteen (8.3 years to maturity) |
| COUPON RATES | 11.2770 | 12.3400 |
| WITHHOLDING TAX | 15% | 10% |
| MATURITY DATES | November 9, 2026 | July 10, 2034 |
| YIELD (%) | 8.0935 | Yield quoted |
| DIRTY PRICE | 105.9143 | Multi-priced based on yield quoted |
| AMOUNT (KES) | 15 billion | |
| PERIOD OF SALE | February 26, 2026, to March 16, 2026 | |
| BID SUBMISSION DEADLINE | March 16, 2026, by 10.00 am | |
| AUCTION DATE | March 16, 2026 | |
| SETTLEMENT DATE | March 18, 2026 | |
| NON-COMPETITIVE BID AMOUNT | Minimum KES. 50,000.00, Maximum KES. 50,000,000.00 | |
| COMPETITIVE BID AMOUNT | Minimum KES. 2 million per CSD account per Tenor | |

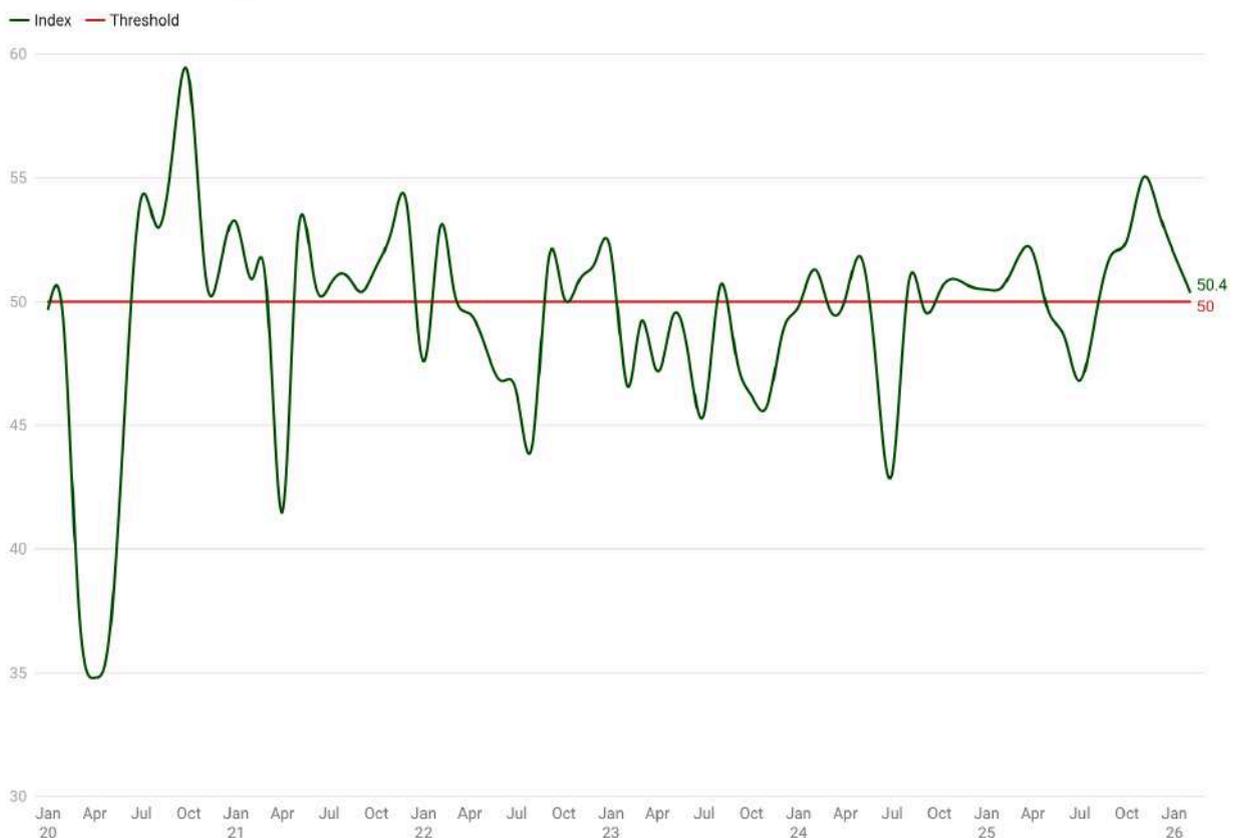
Eurobonds: Kenya's Eurobond curve saw increases across all maturities in the week ending 6 March 2026, with an average week-on-week rise of 59.7 bps. The largest gains were at the long end, with KENINT 2032 up 80.30 bps to 7.966%, KENINT 2034 rising 77.10 bps to 8.733%, and KENINT 2031 climbing 73.50 bps to 8.114%.

Market Gleanings

 | **ALP Industrial REIT restricted offer reaches 98.5% subscription** | The restricted offer of ALP Industrial Real Estate Investment Trust (ALP REIT) closed with a 98.5% subscription rate, raising [USD 29.55M](#) against a target of USD 30M. Including an additional USD 5M commitment from InfraCo Africa Investment Limited for a pipeline asset, the overall subscription level reached 115.17%. The promoter, Africa Logistics Properties Holdings, also took up 10.4M units in exchange for transferring three initial logistics properties into the REIT. A total of 39.95M units are expected to list on the Nairobi Securities Exchange on 11 March 2026. The promoter also indicated that the pipeline property ALP North Three is progressing through valuation and regulatory processes ahead of schedule, with the asset expected to be transferred into the REIT once rental income stabilises.

 **Kenya private sector growth slows as PMI falls to 50.4 in February** | Kenya's private sector growth slowed in February, with the Stanbic Bank Kenya PMI easing to [50.4](#) from 51.9 in January, signalling only a marginal improvement in business conditions and marking the weakest expansion in six months. The survey indicated that output growth nearly stalled as new orders rose at their slowest pace in the current expansion cycle, with firms citing difficult economic conditions, weak purchasing power and heightened competition. Sales growth was supported in part by product launches, marketing efforts and price promotions, though sector performance was mixed with gains in construction, wholesale and retail, and services offset by declines in agriculture and manufacturing. Inflationary pressures moderated during the month, with input costs and selling prices rising at a slower pace, while employment growth continued as firms hired to manage sustained workloads.

Stanbic Bank Kenya PMI



PMI: Purchasing Managers Index

Chart: Mwango Capital • Source: Stanbic Bank • Created with Datawrapper

 **BAT Kenya CEO and CFO Exit** | BAT Kenya will see simultaneous [leadership](#) changes at the top, with both the CEO and CFO stepping down. After 5.5 years at the helm, CEO Crispin Achola will exit effective 15 June 2026 and will be succeeded by

Sidney Wafula, currently Finance Director for BAT's Sub-Saharan Africa Area. Separately, CFO Philemon Kipkemoi will leave the group on 31 March 2026 after a 19-year career, with Catherine Chepkonga, currently Finance Controller for BAT East and Southern Africa Markets, set to assume the role from 1 April 2026.

 | **Kenya Airways gets a New Board** | The board of directors of Kenya Airways has appointed Kiprono Kittony as chairman alongside three independent non-executive directors: Chris Diaz, Prof. Winnie Iminza Nyamute, and Dr. David Ndii. Kittony currently chairs the Nairobi Securities Exchange, while Diaz serves as chairman of Adili Group and group director at Bidco Africa. Prof. Nyamute is an associate professor at the University of Nairobi and sits on the boards of the NSE, Sameer Africa, and Family Bank, while Dr. Ndii chairs the President's Council of Economic Advisors.

 | **Trading Costs Set to Rise Under Proposed CDSC Levy Increase** | The cost of trading shares on the Nairobi Securities Exchange is set to rise under [proposals](#) contained in the Capital Markets (Licensing Requirements) General Regulations, 2025, which would increase the Central Depository and Settlement Corporation transaction levy from 0.08% to 0.12% on the value of each transaction. If adopted, the increase would raise total maximum transaction costs to 2.14% from 2.1% for trades valued below KES 100,000, and to 1.74% from 1.7% for trades above KES 100,000, bringing CDSC's levy revenues in line with those of the Capital Markets Authority and the Nairobi Securities Exchange.

 | **IMF Concludes Kenya Visit** | An International Monetary Fund staff team concluded a [visit](#) to Kenya on 4 March 2026 to exchange views on recent economic developments and the policy agenda and advance technical discussions in the context of the authorities' program request, though Finance Minister John Mbadi stated the visit is not expected to lead to a lending program at this stage. The team, led by Haimanot Teferra, met with Cabinet Secretary Mbadi, Central Bank Governor Kamau Thugge, and officials from other ministries, independent oversight bodies, civil society organizations, and the private sector during the 24 February to 4 March visit. The IMF staff emphasized the need to strengthen fiscal discipline, enhance fiscal credibility, and build resilience to external shocks supported by strengthened governance and greater public sector efficiency, while highlighting key risks including potential spillovers from developments in the Middle East. The IMF stated discussions with the authorities will continue during the upcoming IMF-World Bank Group Spring Meetings, with the

mission representing technical engagement rather than formal program negotiations at this stage.

 **NSE Revises Initial Margin Requirements for Equity Futures** | The Nairobi Securities Exchange has [announced](#) revised initial margin requirements for equity futures contracts, effective 20 March 2026, with increases across most counters reflecting heightened volatility expectations. KCB Group will see the largest increases, with June 2026 margins rising by KES 50 to KES 925, September 2026 by KES 75 to KES 975, and December 2026 by KES 100 to KES 1,050, while Safaricom margins will decrease marginally by KES 25 for both September and December 2026 contracts to KES 450 and KES 475, respectively. Clients with existing positions in June, September, and December 2026 contracts will receive initial margin refunds or be required to top up their accounts to reflect the new rates.

 **Kenya Airways expands partnerships with TUI and JetBlue** | Kenya Airways has moved to strengthen both its tourism offering and international connectivity through new partnerships with [TUI Airline Holidays](#) and [JetBlue](#). The airline has relaunched KQ Holidays with TUI, creating a platform that bundles flights, hotels, transfers and curated local experiences into a single booking for leisure travellers. The platform also allows passengers transiting through Nairobi to add stopovers in Kenya as part of longer international itineraries. In a separate development, the airline signed a unilateral codeshare agreement with JetBlue that will see Kenya Airways place its code on JetBlue operated flights from New York's JFK to several U.S. cities including Los Angeles, Chicago, San Francisco and Atlanta.

 **COMESA clears Vodacom plan to raise Safaricom stake to 55%** | The COMESA Competition and Consumer Commission has approved Vodacom's [KES 272B](#) transaction to increase its shareholding in Safaricom from 40% to about 55%, concluding that the deal is unlikely to substantially lessen competition within the Common Market. The regulator noted that the transaction primarily involves an increase in ownership rather than a structural change in the telecommunications market, as Vodacom already exercises control over Safaricom's operations in Kenya and Ethiopia. As a result, the commission determined that the merger would not materially alter market concentration in the relevant markets, including the provision of passive telecommunications infrastructure in Kenya.

Chart of the Week

