

Kenya's Listed Banks H1'2024 Report, and Cytonn Weekly #37/2024

Equities

Market Performance:

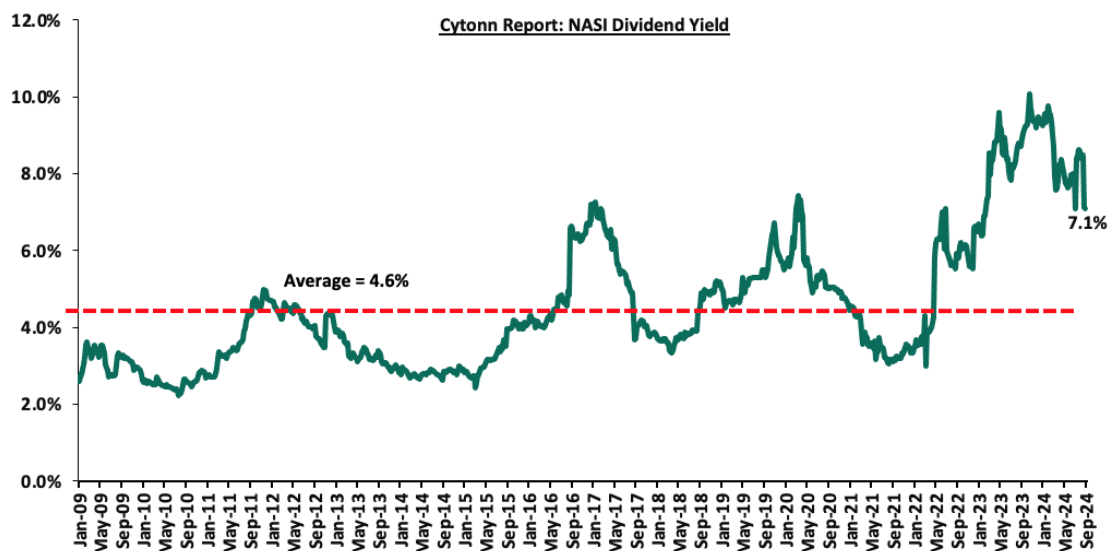
During the week, the equities market recorded mixed performance, with NASI gaining the most by 0.7% and NSE 20 gaining by 0.4% while NSE 25 and NSE 10 declined 0.2% each, taking the YTD performance to gains of 21.2%, 19.6%, 15.6%, and 13.6% for NSE 10, NSE 25, NASI, and NSE 20 respectively. The equities market performance was driven by gains recorded by large-cap stocks such as Safaricom, BAT, and Bamburi of 3.4%, 1.3%, and 0.9% respectively. The performance was, however, weighed down by losses recorded by large-cap stocks such as NCBA, KCB, and Stanbic of 7.9%, 3.9%, and 1.0% respectively.

During the week, equities turnover decreased by 7.5% to USD 9.2 mn from USD 10.0 mn recorded the previous week, taking the YTD total turnover to USD 463.4 mn. Foreign investors remained net buyers with a net buying position of USD 1.2 mn, from a net selling position of USD 2.3 mn recorded the previous week, taking the YTD foreign net buying to USD 0.8 mn.

The market is currently trading at a price-to-earnings ratio (P/E) of 5.2x, 56.2% below the historical average of 11.8x. The dividend yield stands at 7.1%, 2.5% points above the historical average of 4.6%. Key to note, NASI's PEG ratio currently stands at 0.6x, an indication that the market is undervalued relative to its future growth. A PEG ratio greater than 1.0x indicates the market is overvalued while a PEG ratio less than 1.0x indicates that the market is undervalued. The charts below indicate the historical P/E and dividend yields of the market;

Cytonn Report: NASI P/E





Universe of Coverage:

Cytonn Report: Equities Universe of Coverage

Company	Price as at 06/09/2025	Price as at 13/09/2026	w/w change	YTD Change	Year Open 2024	Target Price*	Dividend Yield	Upside/Downside**	P/TBv Multiple	Recommendation
Jubilee Holdings	155.0	155.0	0.0%	(16.2%)	316.8	260.7	9.2%	77.4%	0.2x	Buy
Diamond Trust Bank***	45.5	45.6	0.2%	1.9%	59.5	65.2	11.0%	53.9%	0.2x	Buy
NCBA***	43.7	40.3	(7.9%)	3.6%	25.5	55.2	11.8%	48.9%	0.7x	Buy
Equity Group***	43.2	43.2	0.1%	26.3%	52.8	60.2	9.3%	48.6%	0.8x	Buy
KCB Group***	33.7	32.4	(3.9%)	47.6%	45.6	46.7	0.0%	44.0%	0.5x	Buy
CIC Group	2.0	2.1	1.0%	(10.5%)	2.2	2.8	6.3%	42.9%	0.6x	Buy
Co-op Bank***	13.1	13.1	0.0%	15.4%	13.0	17.2	11.5%	42.7%	0.6x	Buy
Stanbic Holdings	121.3	120.0	(1.0%)	13.2%	87.0	145.3	12.8%	33.9%	0.8x	Buy
ABSA Bank***	14.1	14.2	0.7%	22.5%	11.8	17.3	11.0%	33.2%	1.1x	Buy
Britam	5.8	5.7	(1.4%)	10.5%	7.6	7.5	0.0%	32.0%	0.8x	Buy
I&M Group***	22.0	22.2	0.7%	26.9%	21.4	26.5	11.5%	31.2%	0.5x	Buy

Target Price as per Cytonn Analyst estimates
 **Upside/ (Downside) is adjusted for Dividend Yield
 ***For Disclosure, these are stocks in which Cytonn and/or its affiliates are invested in

We are “Neutral” on the Equities markets in the short term due to the current tough operating environment and huge foreign investor outflows, and, “Bullish” in the long term due to current cheap valuations and expected global and local economic recovery. With the market currently being undervalued for its future growth (PEG Ratio at 0.6x), we believe that investors should reposition towards value stocks with strong earnings growth and that are trading at discounts to their intrinsic value. We expect the current high foreign investors’ sell-offs to continue weighing down the equities outlook in the short term.