REGIONAL BANKING ANALYSIS

KADOO Securities

EAST AFRICAN REGIONAL BANKS

CRDB | NMB | EQUITY GROUP | KCB | BANK OF KIGALI

Contents

01

REGIONAL MACRO CONTEXT

The economic landscape driving East African banking Industry

Inflation vs Target

Current headline against central bank targets — as of May 2026

TANZANIA

4.2%

ELEVATED

Target: 3.0% - 5.0%

KENYA

6.7%

ELEVATED

Target: 2.5% - 7.5%

RWANDA

12.9%

ELEVATED

Target: 2.0% - 8.0%

INFLATION COMPARISON

Metric	Tanzania	Kenya	Rwanda
Headline Inflation	**4.2%**	**6.7%**	**12.9%**
Central Bank Target	3.0% - 5.0%	2.5% - 7.5%	2.0% - 8.0%

Investment read-through: Tanzania offers the most stable inflation environment (4.2% within target) supporting real returns and currency stability. Kenya's headline at 6.7% is approaching the danger zone — CBK correctly paused easing. Rwanda's inflation crisis at 12.9% is the #1 risk factor for BK Group — eroding real wages, squeezing borrowers, and forcing aggressive rate hikes that will compress NIMs and potentially spike NPLs.

Monetary Policy Stance

Current policy rate, last move, cumulative change and outlook for all three markets — as of July 2026

TANZANIA

CENTRAL BANK RATE

6.25%

RAISED

- Previous: 5.75% — **+50bps hike**
- Inflation at 4.2% (May 2026)
- Stance: **Less Accomodative**
- Credit surging +23.2% YoY

KENYA

CENTRAL BANK RATE

8.75%

HELD

- Previous: 9.00% — **-25bps**
- Cumulative cuts: **-100bps**
- Stance: **Gradual easing paused**
- Inflation 6.7% — above midpoint

RWANDA

CENTRAL BANK RATE

8.25%

RAISED

- Previous: 7.25% — **+100bps**
- Inflation crisis: **12.9%** (May)
- Stance: **Aggressive tightening**
- Inflation well above 8% tgt
- Next: More hikes likely

POLICY DIVERGENCE & BANKING IMPLICATIONS

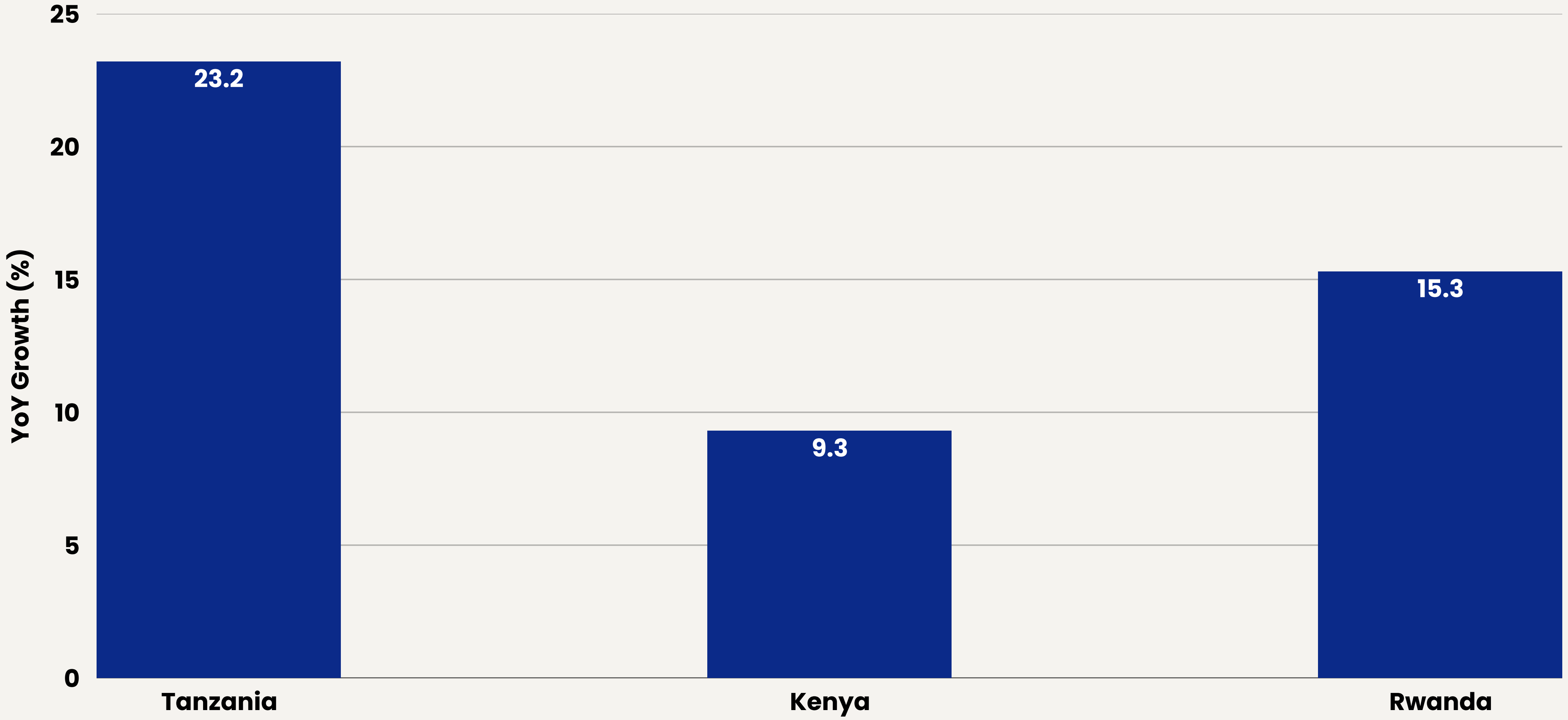
Tanzania — hike to cool surging credit (+23.2%) and rising inflation (4.2%). Most proactive central bank. Banks face modest NIM compression but asset quality pristine (NPL 2.9%).

Kenya — Further 25bps cut to 8.75% but paused as inflation climbed to 6.7%. Credit recovering (+9.3%). Major watch item: NPLs surged to 15.3% — highest in East Africa — posing provisioning risk.

Rwanda — Aggressive +100bps tightening as inflation hit 13.0% . CBR now 8.25% — highest in 3 years. Banks face rising funding costs and potential asset quality deterioration.

Private Sector Credit Growth — TZ Surging, KE Recovering

Year-on-year credit expansion and asset quality (NPLs) across all three markets — May 2026



23.2%
TZ Credit Growth YoY

15.3%
RW Credit Growth YoY

CREDIT & ASSET QUALITY BY COUNTRY

Tanzania — Credit surging +23.2% YoY (strongest in region). Agriculture and SME loans lead. NPLs at 2.9% — best asset quality. Lending rate 15.32%.

Kenya — Credit recovering +9.3% post-rate cuts. Trade, manufacturing, real estate lead. Risk-based pricing Mar 2026. **NPLs at 15.3%** — highest in region.

Rwanda — Credit +15.3%, and NPLs at 2.6% — good now, but watch inflation.

CREDIT & LENDING CONDITIONS

Metric	Tanzania	Kenya	Rwanda
Private Credit YoY	**23.2%**	9.3%	**15.3%**
Overall Lending Rate	15.32%	**14.69%**	15.72%
NPL Ratio	**2.9%**	**15.3%**	**2.6%**

Five Banks Across Three East African Markets

Review Period 2025

CRDB BANK PLC — DSE: CRDB
TZS 729B NI | 29.5% ROE
$8.6B assets

NMB BANK PLC — DSE: NMB
TZS 760B NI | 25.3% ROE
$6.9B assets

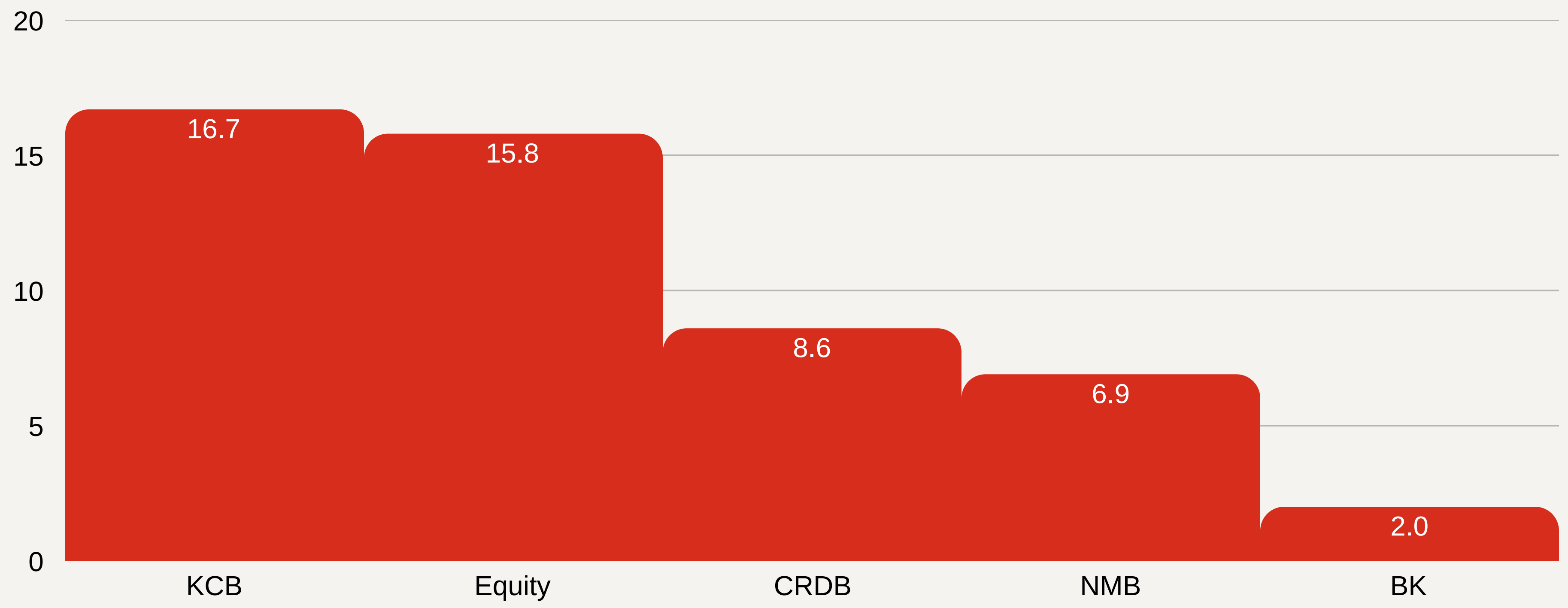
EQUITY GROUP — NSE: EQTY
KES 73.2B PAT | 26.7% ROE
$15.8B assets

KCB GROUP — NSE: KCB
KES 68.4B PAT | 24% ROE
$16.7B assets

BANK OF KIGALI — RSE: BOK
RWF 110B NI | 22.9% ROE
$2.0B assets

COMBINED FOOTPRINT
$40B+ Combined Assets
5 banks | 3 markets | ~$2B profit

Total Assets by Bank (USD Billions)



Tanzania is the fastest-growing market with credit growth at 24.4% and both banks growing deposits >30%.

Kenya is the largest and most developed market. KCB leads on asset scale at $16.7B; followed by Equity Group.

Rwanda offers the highest GDP growth (6.5%) and Bank of Kigali delivers the best NIM in the region at 10.0%.

02

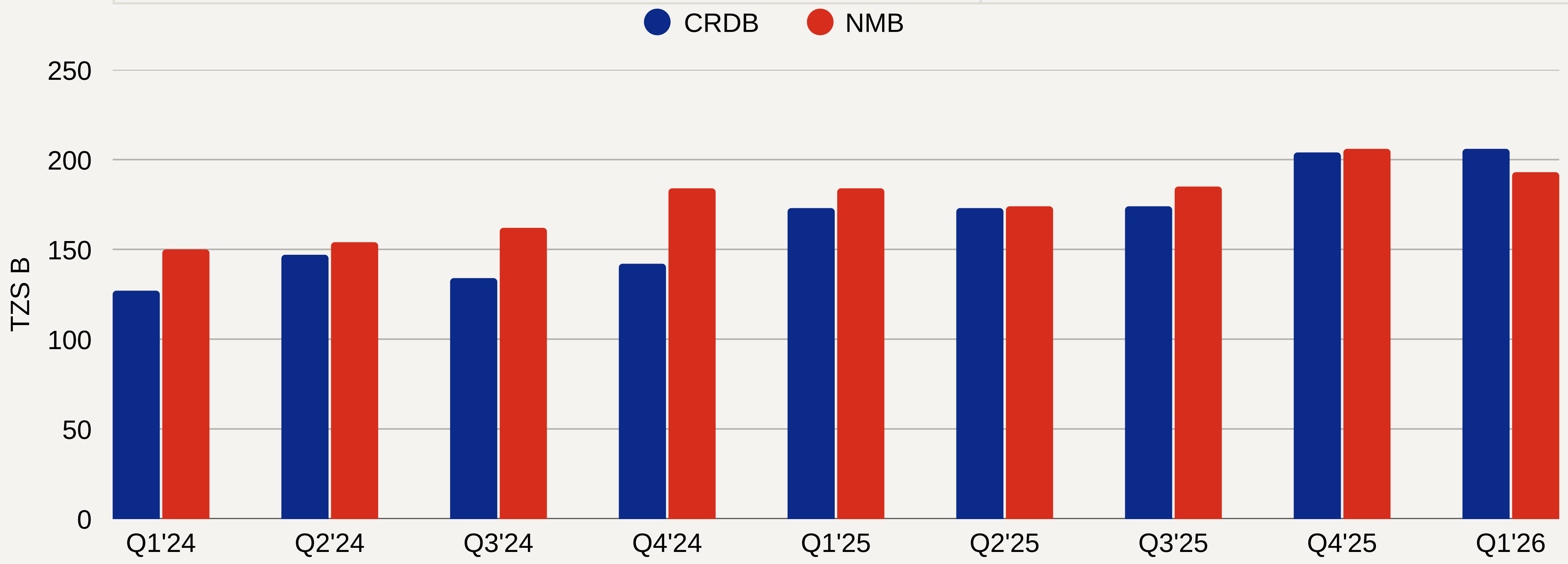
TANZANIA

CRDB & NMB Bank

Tanzania's Systemically Important Banks (SIB) CRDB vs NMB:

Review Period 8th July 2026

Metric	CRDB Bank PLC	NMB Bank PLC
Net Income (2025)	**TZS 729B** ($280M)	**TZS 760B** ($292M)
Total Assets	TZS 22.3T ($8.6B)	TZS 17.9T ($6.9B)
Customer Deposits	TZS 14.7T (+36% YoY)	TZS 12.7T (+31% YoY)
ROE	**29.5%**	25.3%
NIM	**8.2%**	7.6%
Cost-to-Income	42%	**37%**
NPL Ratio	3.0%	**2.6%**
Share Price	TZS 2,750 | P/E 8.7x	TZS 16,510 | P/E 11x



Q1 2026 inflection: CRDB (TZS 206B) surpassed NMB (TZS 193B) in quarterly net income for the first time in 20 years.

- CRDB leads on ROE (29.5% vs 25.3%) and NIM (8.2% vs 7.6%)
- NMB is more efficient (37% vs 42% C/I) with better asset quality (2.6% vs 3.0% NPL)
- CRDB trades cheaper at 9.0x P/E vs NMB at 10.4x

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03

KENYA

Equity Group Holdings and KCB Group

Equity Group: KES 73.2B PAT, 26.7% ROE, 24M Customers

6-country African footprint | FY2025 + Q1 2026 | Diversified revenue streams

KES 73.2B
PAT FY2025
Q1 2026: KES 20.4B (+12%)

26.7%
ROE (FY2025)
ROAA: 4.2%

KES 1.7T
Total Assets
+12% YoY | Q1: KES 1.79T

24.0M
Total Customers
400+ branches | 52,000+ agents

KES 19.1
EPS (FY2025)
DPS: KES 5.75

Income Statement FY2025 (KES B)

Metric	FY2025	FY2024	YoY
Net Interest Income	120.8	107.2	**+13%**
Non-Funded Income	62.3	56.3	+11%
Total Operating Income	**183.1**	163.5	**+12%**
Loan Loss Provisions	(12.8)	(10.8)	+19%
Operating Expenses	(79.4)	(72.8)	+9%
Profit After Tax	**73.2**	58.3	**+26%**

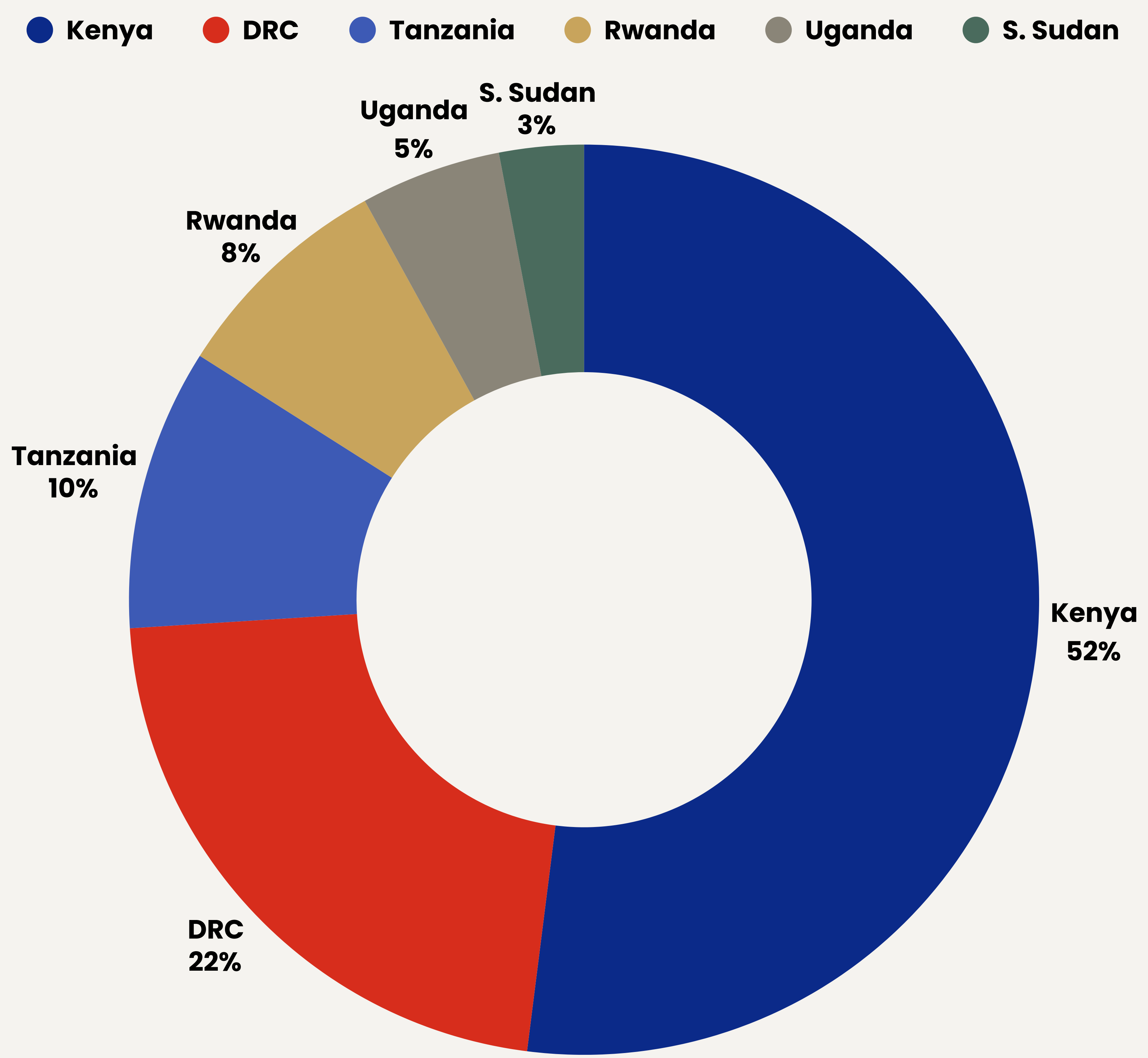
Key Strengths & Geographic Mix

- **6-country footprint:** Kenya, DRC, Tanzania, Rwanda, Uganda, S. Sudan
- **DRC (Equity BCDC):** Largest subsidiary by assets — KES 708B
- **Tanzania:** Capital injection of KES 2.6B in 2025
- **Core capital 20.5%,** total capital 22.0% — robust buffers
- **NPL ratio 8.2%** with 66.1% coverage
- **Tri-engine model:** Banking + Insurance + Technology
- **Health Insurance subsidiary** launched under ARRP

Q1 2026 Highlights: PAT **KES 20.4B** (+12%) | Assets **KES 1.79T** | NII **KES 31.5B** | NFI **KES 17.1B** | ROE **26.5%**

EQUITY Group — Six Market Profit Contribution

Geographic Revenue Contribution FY2025



Balance Sheet Highlights (KES B)

Metric	FY2025	FY2024
Total Assets	1,700	1,516
Net Loans	**834**	726
Customer Deposits	**1,235**	1,077
Shareholders' Funds	278	233
NPL Ratio	8.2%	11.2%
NPL Coverage	**66.1%**	51.5%

Kenya (52%): Core market, 15M+ customers, highest NIM at 8.1%

DRC (22%): Fastest-growing, KES 708B assets, 7M+ customers

Tanzania (10%): KES 2.6B capital injection in 2025

Rwanda (8%): NCI KES 16.6B, strong digital adoption

Uganda (5%) + S. Sudan (3%): Smaller but growing

Diversified revenue reduces single-country risk

KCB Group: KES 2.1T Assets, KES 68.4B PAT, 34M Customers

7-country presence | C/I ratio at 42.3% (best in decades)

KES 2.1T
Total Assets (+9%)
KES 2,147B | ~$16.7B

KES 68.4B
Net Profit (+11%)
All-time high | KES 7.00 DPS

34.0M
Total Customers
456 branches | 1,249 ATMs

42.3%
Cost-to-Income Ratio
Down from 45.4%

KES 7.00
Dividend Per Share
Share price: KES 65.75

Financial Performance FY2025

Metric (KES B)	FY2025	FY2024	YoY
Total Income	213.8	205.8	+4%
Net Interest Income	**166.6**	154.2	**+8%**
Operating Costs	90.5	92.9	**-3%**
Customer Deposits	1,593	1,382	+15%
Gross Loans	1,254	1,079	+16%
Profit After Tax	**68.4**	61.8	**+11%**

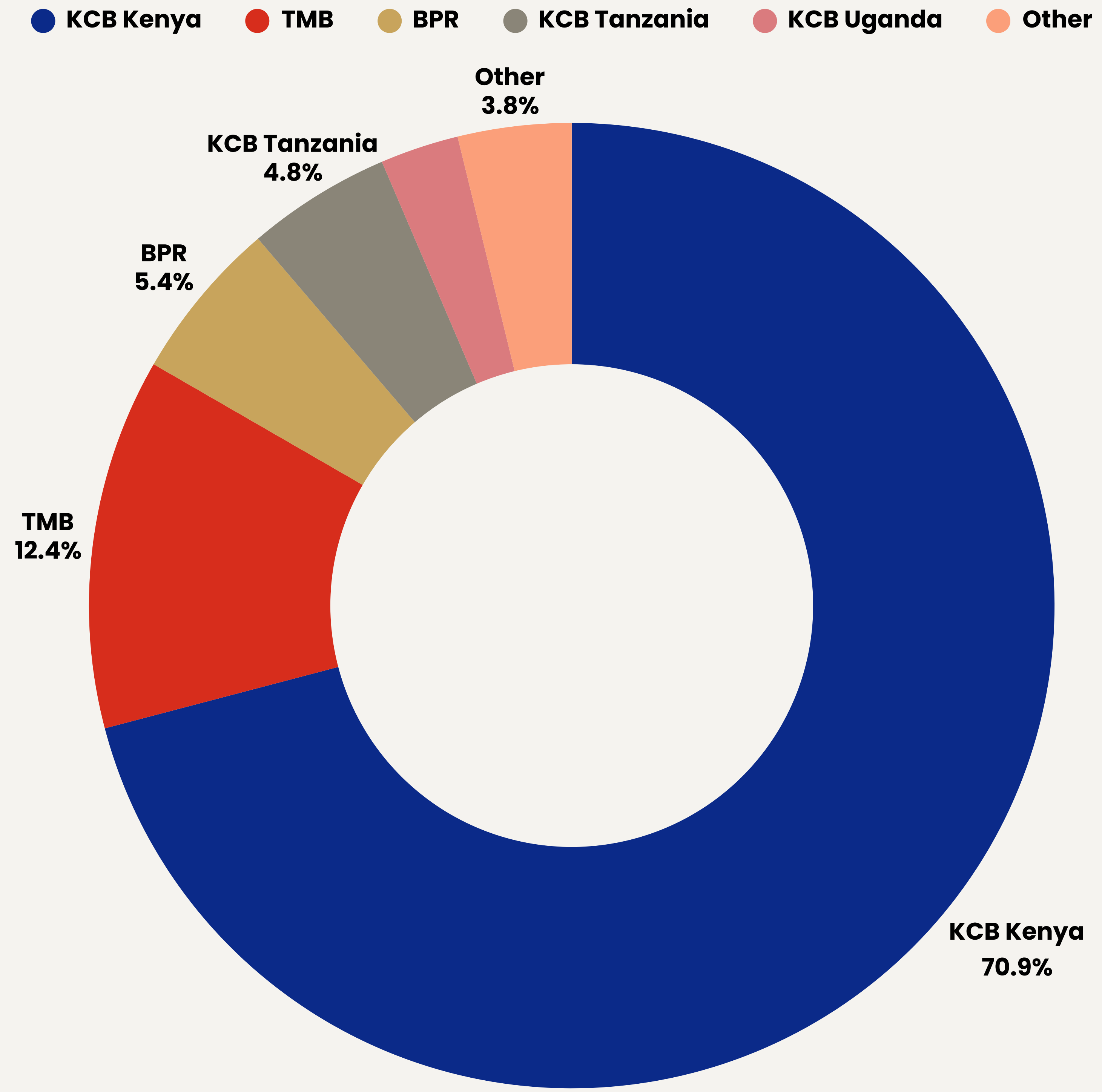
Subsidiary Contribution & Highlights

- **KCB Kenya:** 59% of assets, 48,495M PAT — core profit driver
- **BPR Rwanda:** 8,531M PAT (+53%) — fastest-growing sub
- **KCB Tanzania:** 3,263M PAT (+25%) — strong turnaround
- **NBK sale:** KES 3.18B gain concluded May 2025
- **Acquisitions:** Riverbank (completed), Pesapal (in progress)
- **NPL ratio:** 16.9% (down from 18.7%) — resolution ongoing
- **Green loans:** KES 50B disbursed in 2025

FY2025 Dividend: KES 7.00/share = KES 2.00 interim + KES 3.00 final + KES 2.00 special | **Total payout: KES 22.5B** | Share price up 58% YoY

KCB Group — Seven-Market Profit Contribution

Geographic Revenue Contribution FY2025



Balance Sheet Highlights (KES B)

Metric	FY2025	FY2024
Total assets	2,147.20	1,962.30
Net loans and advances	1,151.60	990.4
Customer deposits	1,592.60	1,382.00
Shareholders' equity	331.5	274.9
NPL ratio	16.90%	19.20%
NPL regulatory coverage	59.00%	49.30%

Core engine: KCB Kenya generates ~71% of Group profit, but its 19.9% NPL ratio remains the biggest credit concern.

BPR Rwanda is the strongest performer; Uganda also has excellent momentum but tighter capital headroom.

Solid performer: Tanzania delivers strong profit growth and returns, although NPLs increased from a low base.

High-risk upside: South Sudan posted the sharpest turnaround, but macro volatility and worsening NPLs make it speculative.

TMB faces declining earnings and DRC risk; Burundi's profitability is weakened by hyperinflation.

04

RWANDA

Bank of Kigali

Bank of Kigali — Rwanda's Banking Champion

34.4% of sector assets, 40.5% of sector profits — dominant franchise

RWF 2.9T
Total Assets

22.9%
Return on Equity

RWF 110B
Net Income FY2025

9.1%
Net Interest Margin

35%+
Rwanda Market Share

FY2025 INCOME STATEMENT HIGHLIGHTS

Metric	FY2025	FY2024	YoY Change
Total Operating Income	RWF 281.1B	RWF 258.7B	**+8.7%**
Operating Costs	RWF 106.6B	RWF 98.5B	+8.2%
Pre-Provision Profit	RWF 174.5B	RWF 160.1B	**+9.0%**
Loan Loss Provisions	RWF 20.9B	RWF 38.9B	**-46.3%**
Basic EPS	RWF 117.8	RWF 97.8	**+20.4%**
Net Income	**RWF 110.1B**	**RWF 91.0B**	**+21.0%**

STRATEGIC PRIORITIES

1. **Digital-first transformation** — RWF 13.7T digital trans. value, 393K active customers (+10.8%)
2. **Deposit-funded growth** — Deposits RWF 1,884B (+14.8%), Gross Loans RWF 1,759B (+15.5%)
3. **Subsidiary ecosystem** — BK Capital AUM RWF 151.8B, BKGI premiums RWF 19B (+18.8%)
4. **Asset quality leader** — NPL ratio at 2.9% (down from 3.2%), provisions down 46.3%

05

CROSS-REGIONAL COMPARISON

Five banks — side-by-side analysis and investment outlook

5-Bank Comparison: Actual FY2025 Financial Data

Metric	CRDB	NMB	Equity	KCB	BK
Country	Tanzania	Tanzania	Kenya	Kenya	Rwanda
Net Profit	TZS 729B ($280M)	TZS 760B ($292M)	KES 73.2B ($566M)	**KES 68.4B ($529M)**	RWF 110B ($75M)
Total Assets	$8.6B	$6.9B	$15.8B	**$16.7B**	$2.0B
Customer Deposits	TZS 14.7T	TZS 12.7T	KES 1,235B	**KES 1,593B**	RWF 1,901B
ROE	**29.5%**	25.3%	**26.7%**	24%	22.9%
NIM	8.2%	7.6%	~7.5%	~7.0%	**10.0%**
C/I Ratio	42%	**37%**	~43%	**42.3%**	37.9%
NPL Ratio	3.0%	**2.6%**	8.2%	16.9%	**2.8%**
Profit Growth	+34%	+25%	**+26%**	+11%	**+21%**
Customers	~5M	~6M	**24.0M**	**34.0M**	~2M

Investment Recommendations

BUY: CRDB
Highest ROE 29.5% and profit & Asset growth

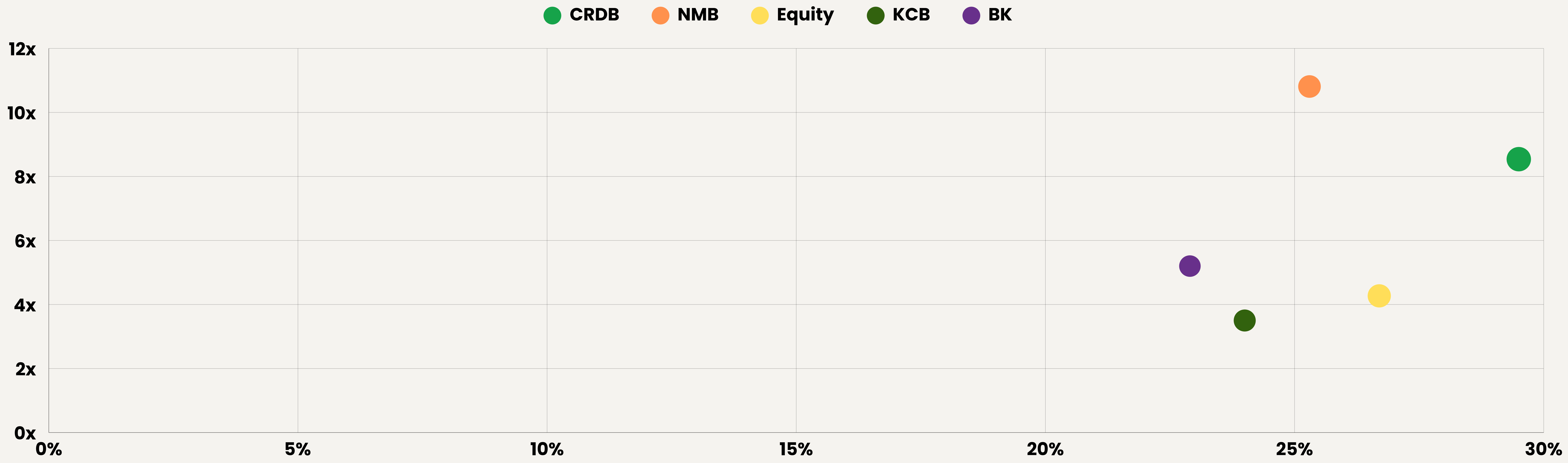
BUY: Equity Group
26% PAT growth, 6-country footprint, 24M customers

ACCUMULATE: KCB + NMB + BK
KCB: scale leader $16.7B; NMB: efficiency; BK: best NIM 10%

Valuation Multiples: All 5 Banks at a Glance

Valuation Metric	CRDB	NMB	Equity	KCB	BK
Share Price	TZS 2,700	TZS 16,700	KES 83.75	KES 78.75	RWF 600
P/E	**8.54x**	10.81x	**4.27x**	**3.5x**	5.2X
Price-to-Book	2.31X	2.53x	0.77x	**0.62x**	1.07x

P/E vs ROE Scatter — Value Map



Risk Factors & 2026 Outlook

Rwanda Inflation

Inflation at 12.9% (May 2026) — breached 8% target. Food inflation 20.1%. NBR hiked +100bps to 8.25%. Erodes real wages, squeezes borrowers. **Top risk for BK Group.**

Kenya NPL Crisis HIGH

NPL ratio surged to 15.3% — highest in East Africa. 2.5x above Tanzania (2.9%) and Rwanda (2.6%). Major provisioning burden for Equity and KCB. Rate cuts may worsen asset quality further.

Kenya Inflation Elevated

Headline 6.7%. Above 5% midpoint target. CBK paused easing. Limits room for further rate cuts to support credit growth.

Rate Hike Impact on Credit

Tanzania (+50bps) and Rwanda (+75bps) hiking into strong credit growth. Risk of choking off expansion.

2026 SECTOR OUTLOOK

Bull Case: Rwanda Inflation starts to decline TZ/KE inflation stable. Credit growth sustains +20%. Earnings +20-25%.

Base Case: Rwanda inflation slows to 6.5%. KE NPLs plateau. TZ credit supported by Government Budget Headwinds. NIMs stable.

Bear Case: Rwanda inflation persists above 8%. KE NPLs spike above 18%. Regional rate hikes choke credit. Earnings flat, NPLs +300bps.

EAST AFRICA REGIONAL BANKING

EAST AFRICA BANKING SECTOR

5 Banks | 3 Markets | $30B+ Combined Assets

Africa's Most Dynamic Banking Region

BUY: CRDB + Equity Group | ACCUMULATE: KCB + Bank of Kigali

HOLD: NMB (fairly valued)

EAST AFRICA BANKING OPPORTUNITY