# Family Bank Earnings Highlights

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# About Family Bank

Family Bank is a Tier II bank in Kenya, founded in 1984, which has evolved into one of the leading banks in the country. The Bank serves over 1.3 million customers through a network of 96 branches across 32 counties. As at 31st December 2025, it reported total assets of KES 208.7 billion.Family Bank provides a diversified suite of financial solutions across retail, SME, corporate, and digital banking segments. The Bank has established a strong presence in the SME market while continuing to expand its digital banking capabilities to enhance customer experience and financial inclusion. Guided by a commitment to innovation, accessibility, and sustainable growth, Family Bank continues to strengthen its market position and create long-term value for customers, shareholders, and the broader economy

The Bank operates through key subsidiaries, including Family Bank Bancassurance Intermediary Limited, PesaPap Digital Limited, and the Family Group Foundation. These subsidiaries deepen its insurance distribution capabilities, enhance its tech-driven and fintech ambitions, and strengthen its social impact through structured ESG initiatives. In addition, its Queen Banking proposition continues to support women entrepreneurs by offering tailored financial solutions that promote inclusive economic empowerment.

Family Bank also maintains a dividend policy under which it targets a cash payout ratio of **30% of audited net profit**, subject to approval by shareholders at the Annual General Meeting. However, the Board retains discretion to adjust the payout ratio depending on prevailing financial and strategic considerations, including free cash flow requirements, growth plans, investment opportunities, borrowing capacity, and overall value creation objectives.

The Bank is set to list on the Main Investment Market Segment (MIMS) of the Nairobi Securities Exchange (NSE) on **23rd June 2026**, with **1,662,654,760 ordinary shares to be listed at a par value of KES 1.00 and a listing price of KES 18.00 per share**, marking a significant milestone in its capital markets journey. The listing will be by introduction, with no new capital being raised at the point of listing. It is expected to enhance the Bank's visibility and credibility, broaden its shareholder base, improve liquidity for existing shareholders, and facilitate efficient price discovery through increased market participation. **As at the date of the Information Memorandum, 572,727,955 shares, representing 34.5% of issued share capital, held by 2,061 shareholders, have been immobilised and qualify as free float, positioning the Bank for secondary market trading upon listing.**

# Interest Income

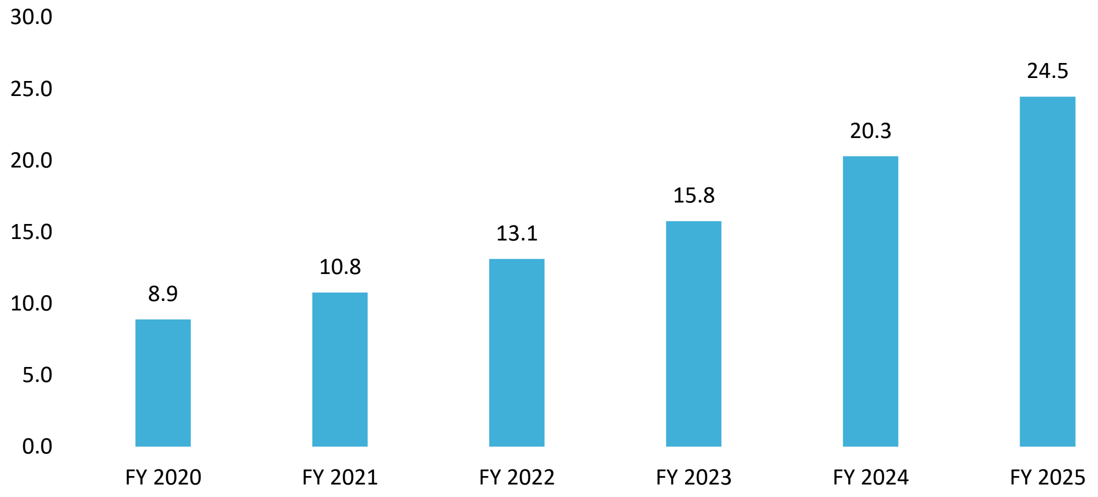
Family Bank's total interest income grew strongly over the FY2020–FY2025 period, increasing from KES 8.9 billion to KES 24.5 billion, reflecting a compound annual growth rate (CAGR) of 22.4%.

Loans and advances grew by 10.5% to KES 16.2 billion from KES 14.6 billion in FY 2025.

Income from government securities increased by 44.1% to KES 7.9 billion from KES 5.5 billion, reflecting a rise of KES 2.4 billion in FY 2025.

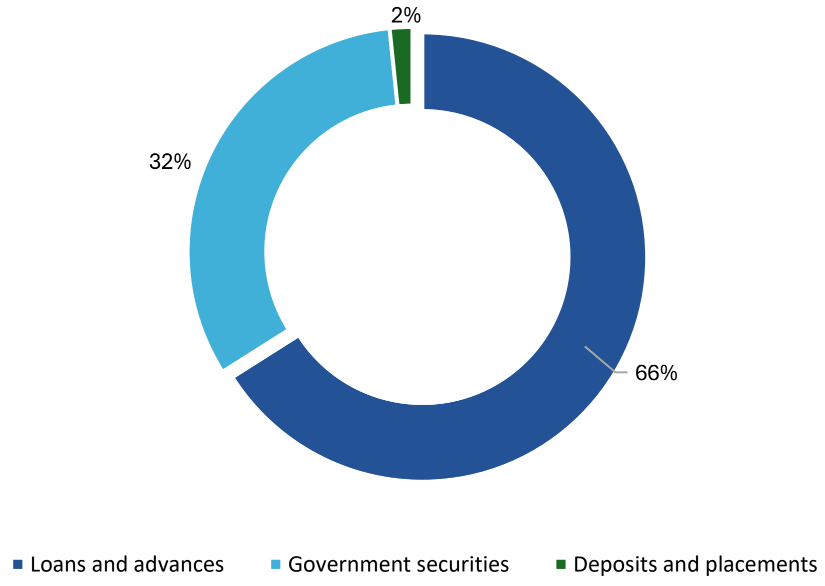
Deposits and placements within banking institutions climbed 112.8% to KES 397.6 million in FY 2025 from KES 186.8 million in FY 2024.

**Trend in Interest Income (KES billions)**



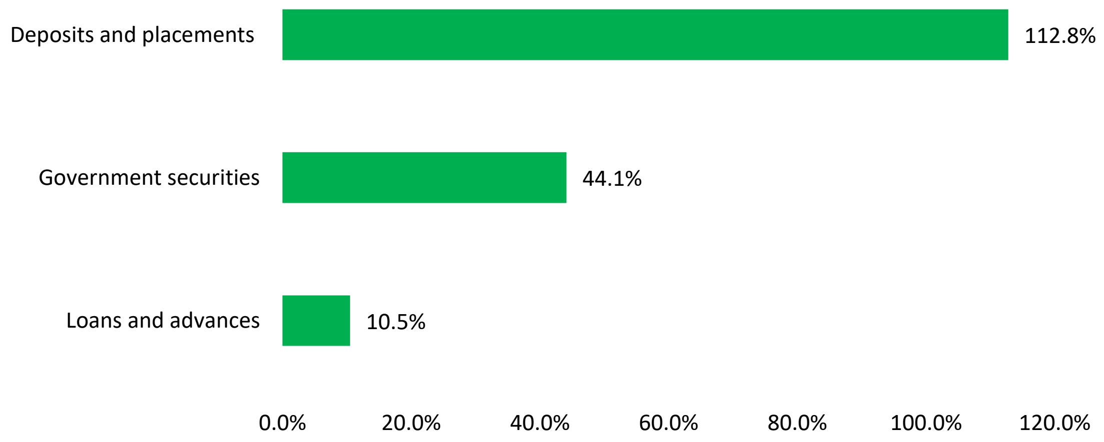

Source: Company Financials

**Interest income composition in FY2025**




Source: Company Financials

**Interest income growth rate in FY 2025 (%)**




Source: Company Financials

# Interest Expense

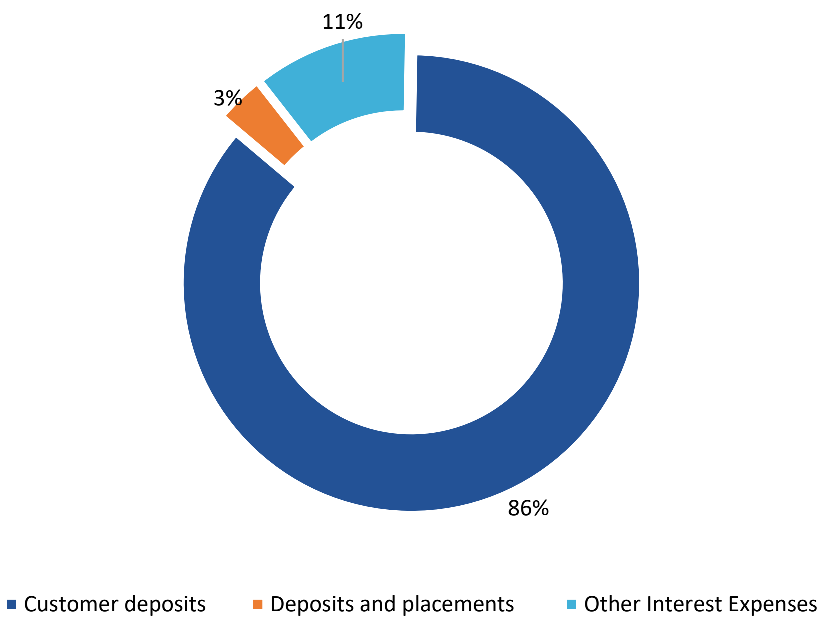
Total interest expense declined by 7.8% to KES 8.8 billion in FY 2025 from KES 9.6 billion in FY 2024, reflecting a decrease of KES 751.7 million.

Interest on customer deposits edged down by 4.7% to KES 7.6 billon in FY 2025 from KES 8.0  billion in FY 2024.

Interest on deposits and placements from banking institutions plunged by 45.6% to KES 288.1 million from KES 529.7 million in FY 2024.

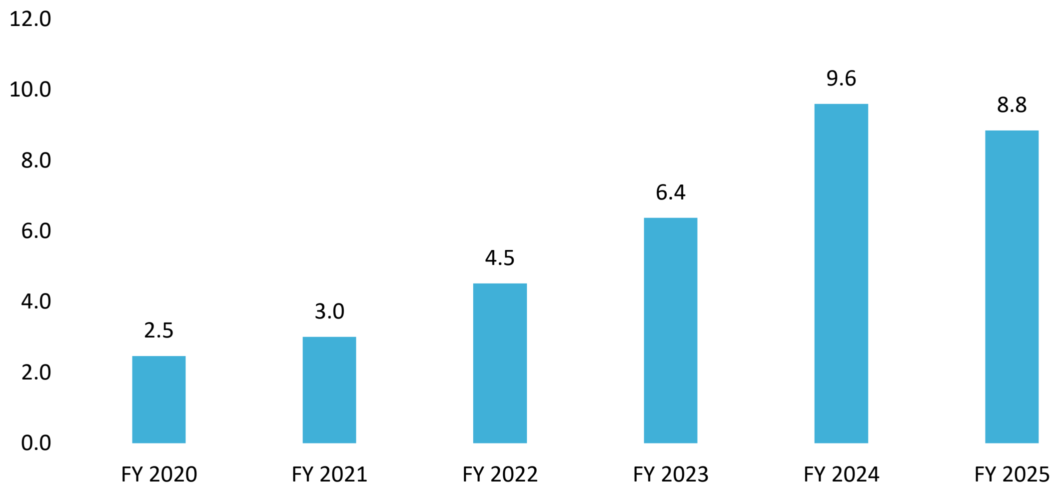
Other interest expenses fell by 12.1% to KES 960.3 million from KES 1.1 billion in FY 2024.

**Interest expense composition in FY2025**



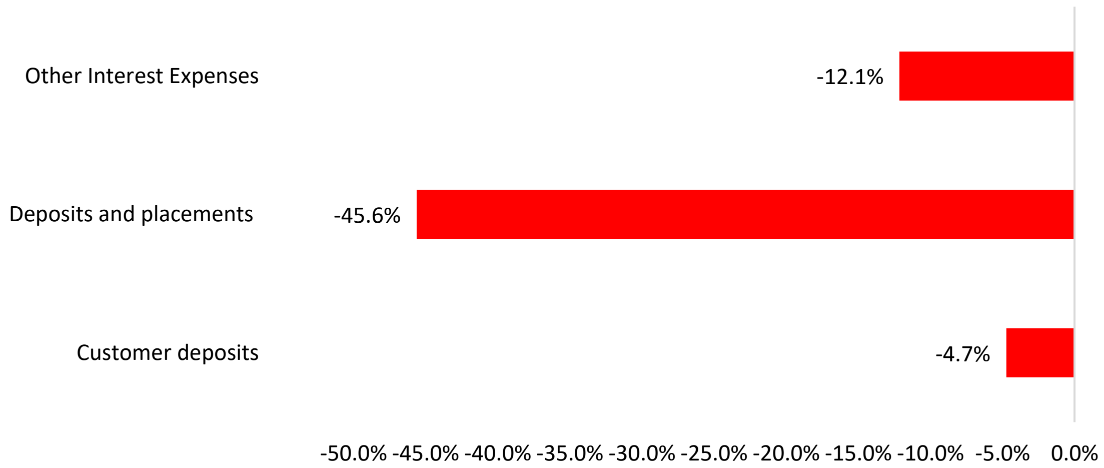

Source: Company Financials

**Total Interest Expenses (KES billions)**




Source: Company Financials

**Interest expense growth rate (KES billions)**




Source: Company Financials

# Net Interest Income &Non-funded income

Net interest income (NII) rose 46.0% to KES 15.6 billion in FY 2025 from KES 10.7 billion in FY 2024, an increase of KES 4.9 billion.

Non-funded income expanded by 4.6% to KES 4.6 billion in FY 2025 from KES 4.4 billion, an increase of KES 202,2 million. This was primarily driven by a significant 39.8% surge in other income to KES 1.5 billion from KES 1.1 billion, an expansion of KES 435.0 million.

Fees and commissions income on loans and advances edged up 18.9% to KES 143.3 million from KES 120.4 million.

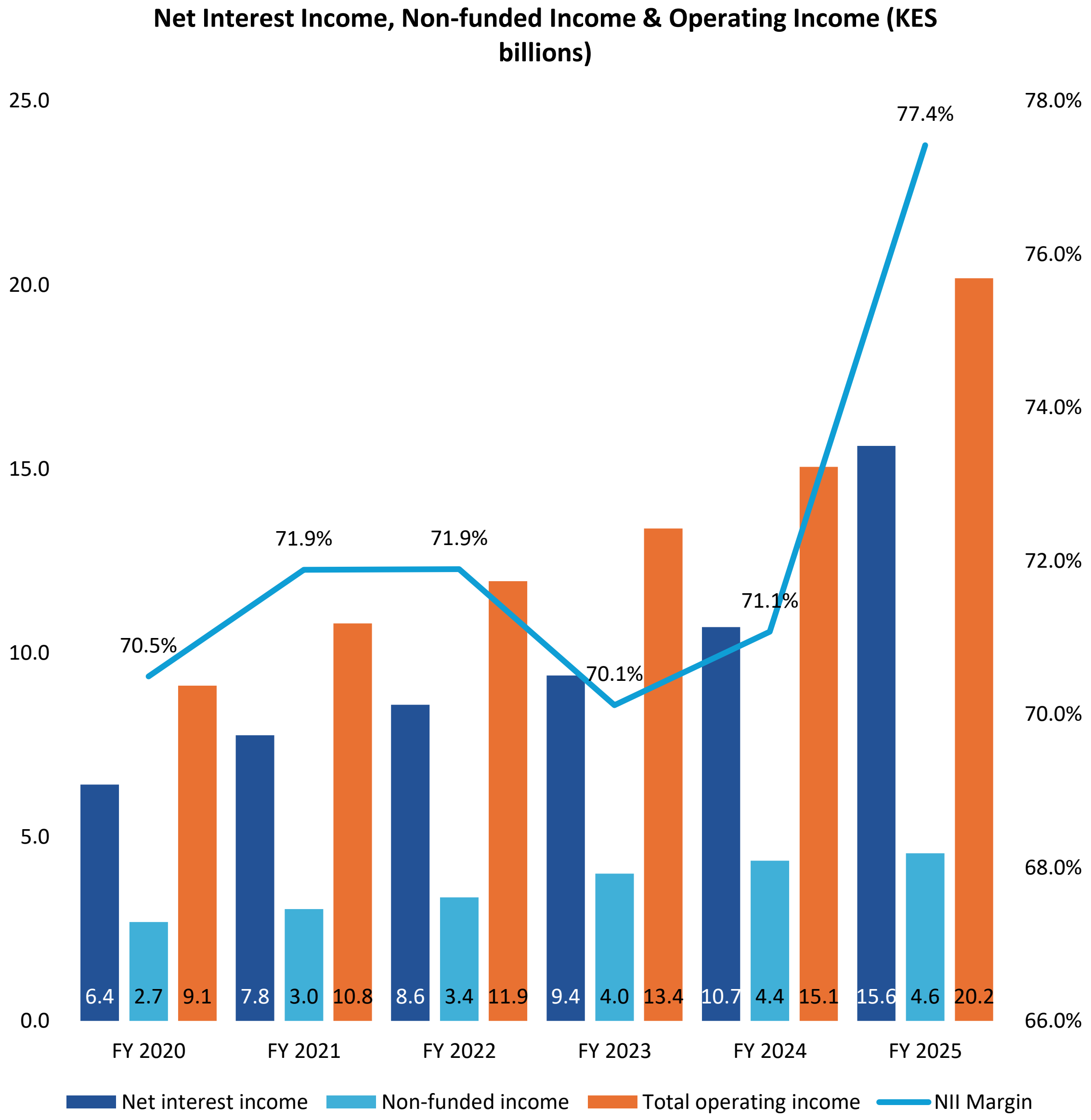
Other fees and commissions income edged up by 1.0% to KES 2.56 billion from KES 2.53 billion.

Foreign exchange trading income saw a significant 45.8% decline to KES 330.9 million from KES 610.7 million, a reduction of KES 279.7 million.

As a result, total operating income climbed 34.1% to KES 20.2 billion from KES 15.1 billion in FY 2024.

The Net Interest Income (NII) Margin rose by 6.3 percentage points to 77.4% from 71.1%. In contrast, the Non-Funded Income (NFI) Margin eased to 22.6% from 28.9% in FY 2024.

Source: Company Financials




Source: Company Financials

# Operating expenses

Total operating expenses rose by 24.4% to KES 13.9 billion in FY 2025 from KES 11.1 billion in FY 2024. This was largely driven by significant 174.9% surge in loan loss provisions to KES 2.0 billion from KES 717.3 million, an increase of KES 1.3 billion.

Staff costs climbed 17.5% to KES 5.4 billion from KES 4.6 billion.

Director emoluments declined by 22.8% to KES 266.1 million from KES 344.8 million.

Rental charges recorded an increase of 4.2% to KES 737.9 million from KES 708.4 million.

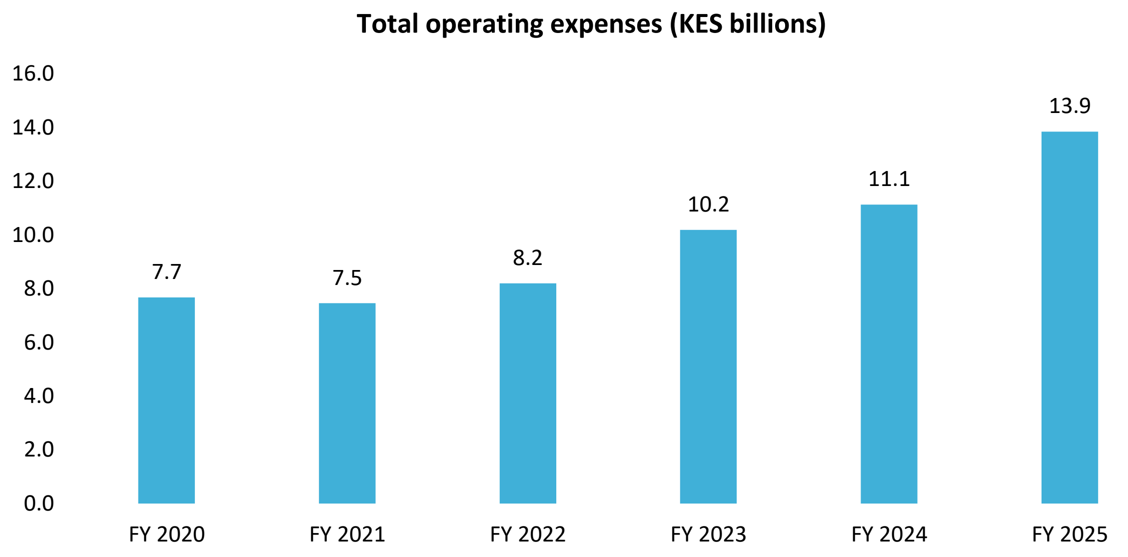
Depreciation on property and equipment contracted by 10.9% to KES 379.7 million from KES 426.0 million.

Amortization charges climbed by 18.2% reaching KES 191.7 million from KES 162.3 million.

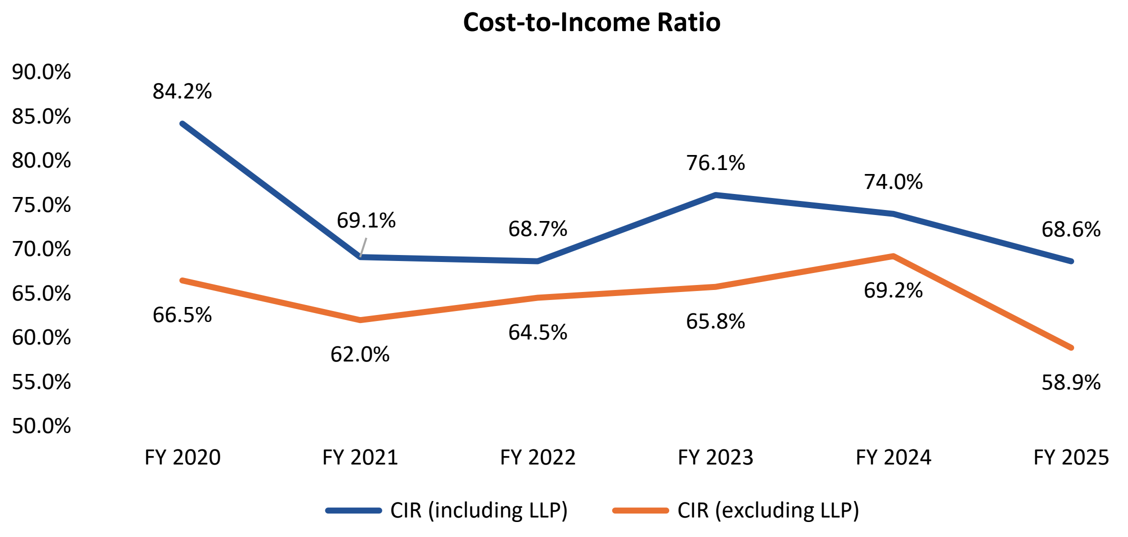
Other operating expenses expanded by 17.3% to KES 4.9 billion from KES 4.1 billion in FY 2024.

The cost-to-income ratio (including loan loss provisions) improved to 68.6% in FY 2025 from 74.0% in FY 2024, reflecting better cost control and reduced impairment pressure, while the ratio excluding provisions declined to 58.9% from 69.2% in FY 2024 indicating stronger underlying operational efficiency and improving operating leverage.

***The cost-to-income ratio measures operational efficiency, indicating the proportion of operating income consumed by operating expenses. A lower ratio reflects improved efficiency, with the bank generating higher income relative to its costs***




Source: Company Financials




Source: Company Financials

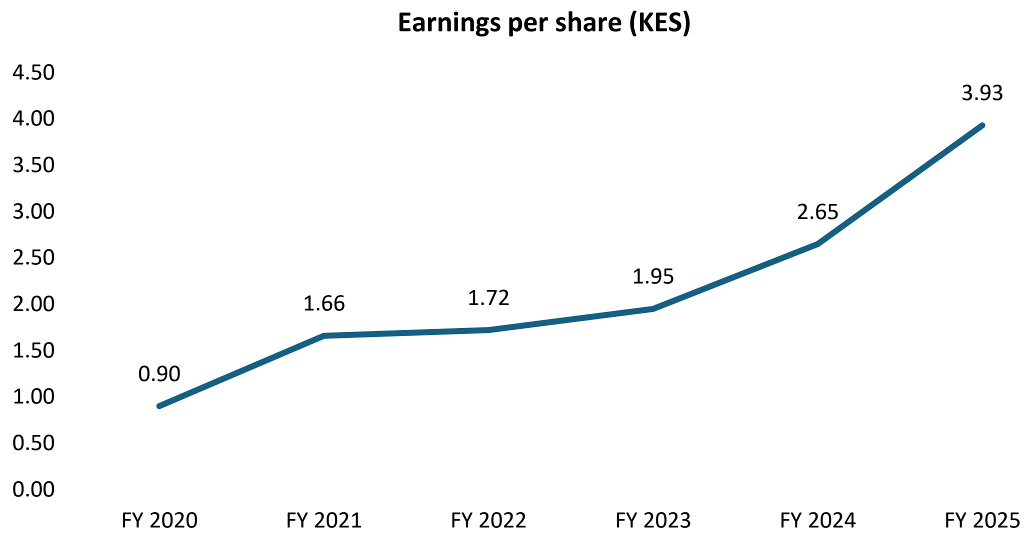
# Profitability

Family Bank's profit after tax (PAT) demonstrated strong growth over the FY2020–FY2025 period, increasing from KES 1.2 billion to KES 5.4 billion, translating to a compound annual growth rate (CAGR) of 35.8%. This reflects significant earnings expansion driven by improved profitability, growth in earning assets, and enhanced operational performance over the review period.

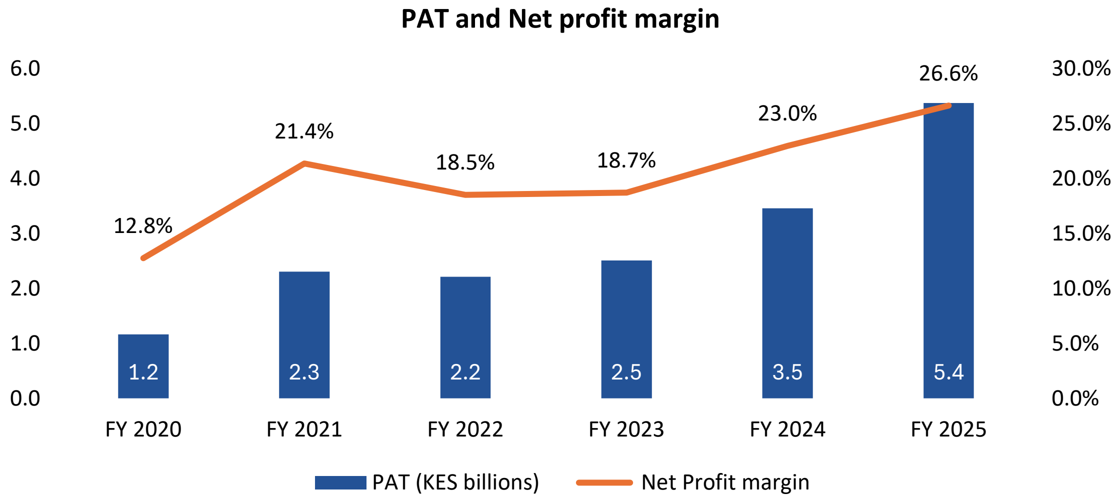
The Bank's net profit margin demonstrated a strong upward trajectory over the FY2020–FY2025 period, improving from 12.8% to 26.6% .

Basic earnings per share (EPS) increased by 48.3% to KES 3.93 in FY 2025 from KES 2.65 in FY 2024, reflecting strong year-on-year earnings growth and enhanced shareholder returns.

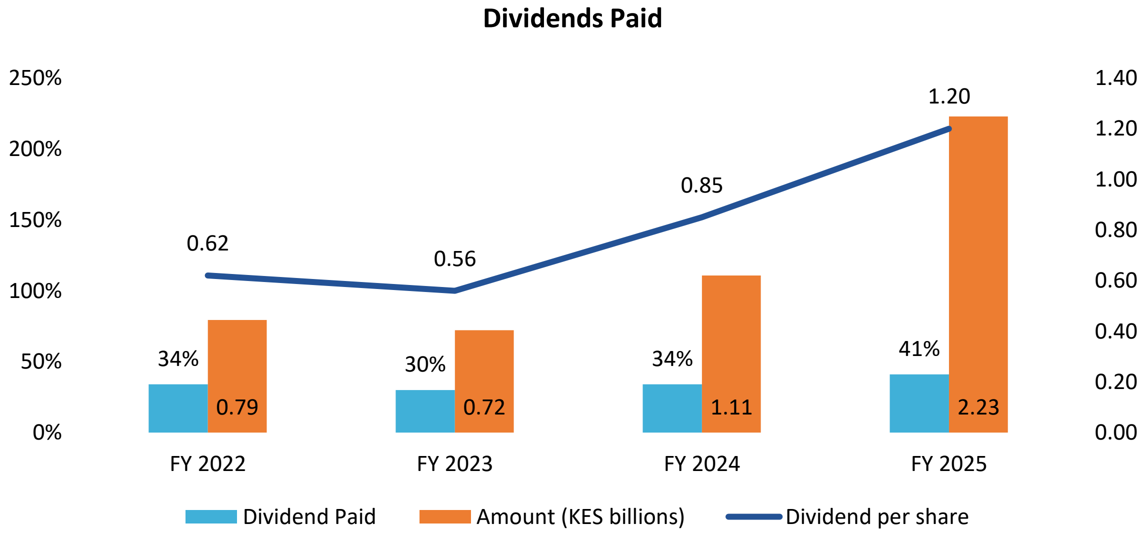
Over the FY2020–FY2025 period, EPS grew from KES 0.90 to KES 3.93, representing a compound annual growth rate (CAGR) of 34.3%, underscoring sustained earnings momentum and consistent value accretion for shareholders.




Source: Company Financials




Source: Company Financials




Source: Company Financials

# Balance Sheet Rundown

Total assets grew strongly from KES 90.7 billion in FY 2020 to KES 208.7 billion in FY 2025, representing a compound annual growth rate (CAGR) of 18.1%. This reflects sustained balance sheet expansion driven by growth in the Bank's lending portfolio and broader financial intermediation activities over the period.

Loans and advances grew from KES 56.6 billion in FY 2020 to KES 105.9 billion in FY 2025, representing a compound annual growth rate (CAGR) of 13.4%. This reflects sustained expansion in the Bank's core lending activities, driven by increased credit uptake across retail, SME, and corporate segments over the review period.

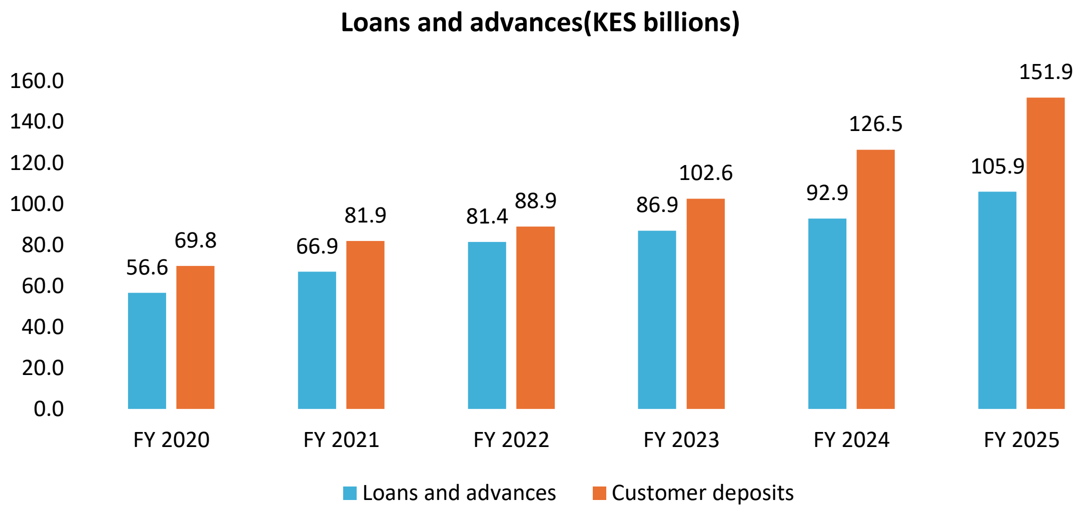
Deposits and balances due from local banking institutions recorded a sharp growth of 87.1% to KES 3.6 billion in FY 2025 from KES 1.9 billion in FY 2024 while balances due from foreign banking institutions declined by 62.4% to KES 344.9 million in FY 2025 from KES 917.9 million in FY 2024.

Total liabilities edged up by 20.5% to KES 176.1 billion in FY 2025 from KES 146.1 billion while other liabilities surged by 78.3% to KES 8.9 billion from KES 5.0 billion.

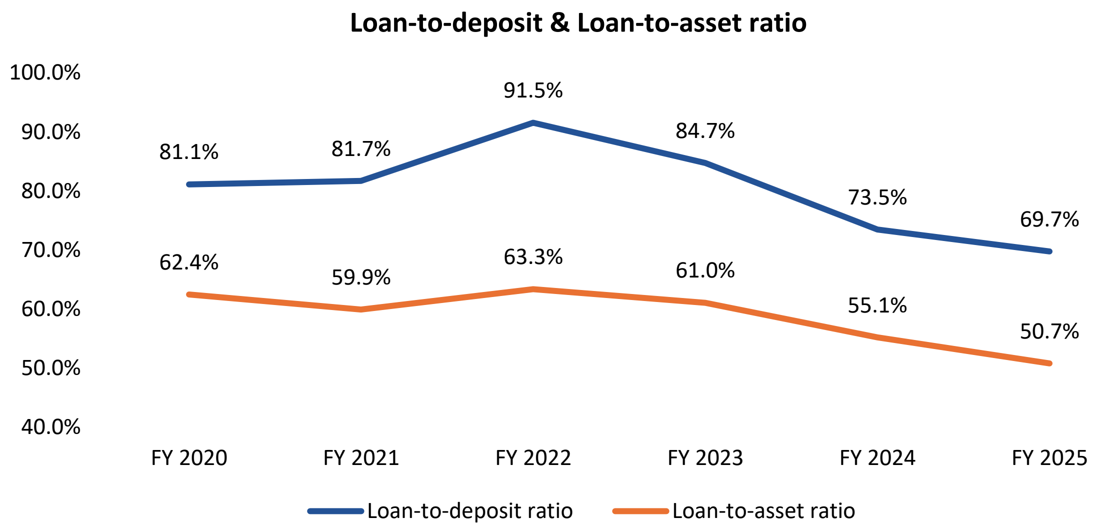
Customer deposits increased from KES 69.8 billion in FY 2020 to KES 151.9 billion in FY 2025, representing a compound annual growth rate (CAGR) of 16.9%. This reflects strong franchise growth, supported by customer acquisition across retail and SME segments.

As a result, the loan –to-deposit ratio dropped from 73.5% in FY 2024 to 69.7% in FY 2025, indicating that customer deposits have been growing at a faster pace than loan disbursements.

Total shareholders' funds advanced from KES 13.5 billion in FY 2020 to KES 32.6 billion in FY 2025, representing a compound annual growth rate (CAGR) of 19.3%.




Source: Company Financials



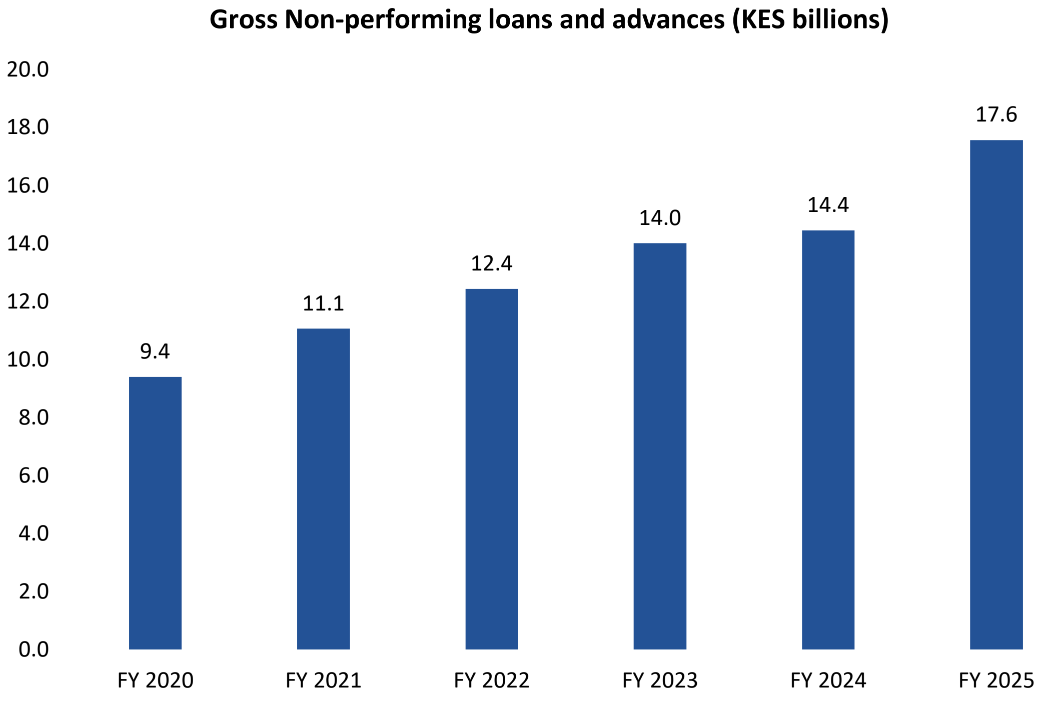

Source: Company Financials

# Asset Quality

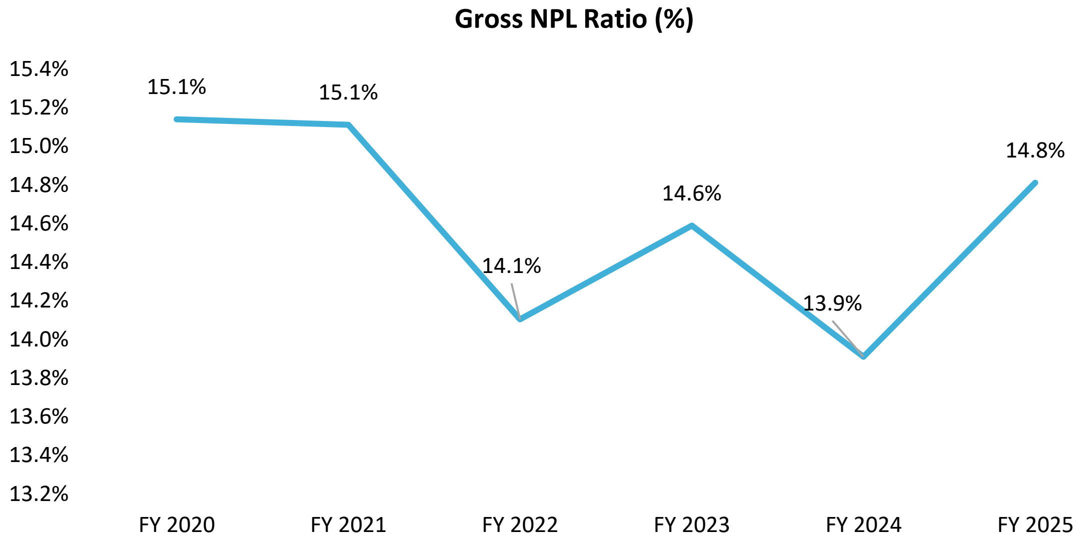
Gross non-performing loans and advances increased from KES 9.4 billion in FY 2020 to KES 17.6 billion in FY 2025, representing a compound annual growth rate (CAGR) of 13.3%

Despite the uptick in non-performing loans, asset quality improved with NPL ratio improving marginally from 15.1% in FY 2020 to 14.8% in FY 2025, remaining below the industry average of 15.3%.

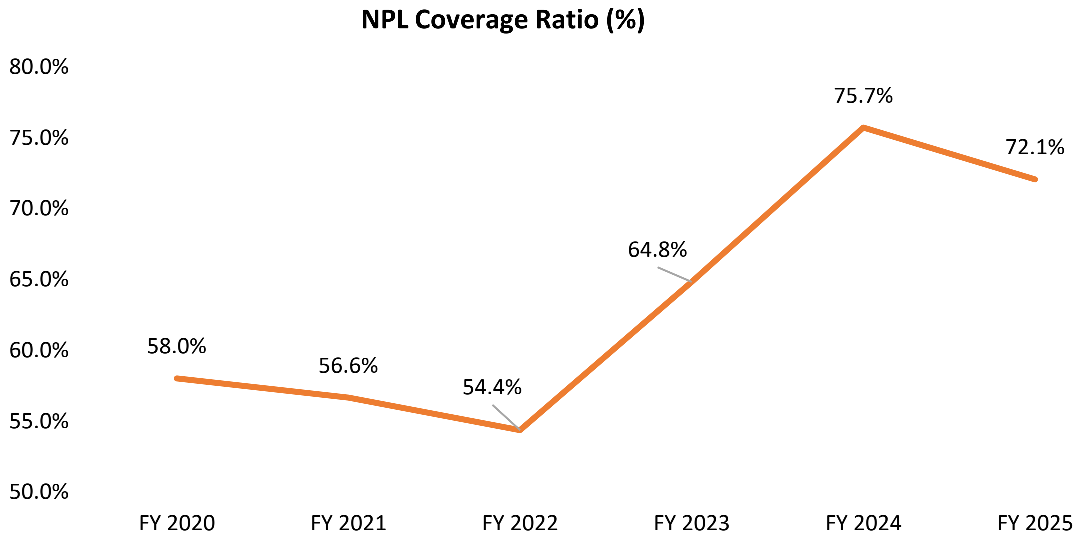
The Bank's NPL coverage ratio demonstrated significant improvement over the FY2020–FY2025 period, declining slightly from 58.0% in FY 2020 to a low of 54.4% in FY 2022, before strengthening materially to a peak of 75.7% in FY 2024 and moderating to 72.1% in FY 2025.




Source: Company Financials




Source: Company Financials




Source: Company Financials

# Share Capital

| SHAREHOLDER NAME | NUMBER OF SHARES |
|---|---|
| KENYA TEA DEVELOPMENT AGENCY (HOLDINGS) LTD. | 315,633,181 |
| ESTATE OF RACHAEL NJERI MUYA | 167,143,948 |
| DAYKIO PLANTATIONS LIMITED | 158,460,364 |
| INVESTMENTS & MORTGAGES NOMINEE LIMITED A/C 008243 | 81,265,517 |
| TITUS KIONDO MUYA | 73,408,502 |
| EQUITY NOMINEES LIMITED A/C 00084 | 46,417,000 |
| NCBA CUSTODIAL SERVICES A/C 234 | 36,034,335 |
| KENYA ORIENT LIFE ASSURANCE LIMITED | 35,341,900 |
| NCBA CUSTODIAL SERVICES A/C 325 | 34,883,448 |
| EQUITY NOMINEES LIMITED A/C00132 | 34,482,000 |
| **TOP 10 SHAREHOLDERS (59.1%)** | **983,070,195** |
| | |
| OTHER SHAREHOLDERS (40.1%) | 679,584,565 |
| **TOTAL** | **1,662,654,760** |

Source: Company Financials

| SHAREHOLDER BANDS | NUMBER OF SHAREHOLDERS | NUMBER OF SHARES | PERCENTAGE HOLDINGS |
|---|---|---|---|
| >1,000,000 Total | 111 | 1,478,059,586 | 88.898% |
| 100,001 - 1,000,000 Total | 341 | 106,969,781 | 6.434% |
| 10,001 - 100,000 Total | 2017 | 56,519,481 | 3.399% |
| 5,001 - 10,000 Total | 1606 | 12,726,137 | 0.765% |
| 500 - 5,000 Total | 2149 | 8,342,227 | 0.502% |
| < 500 Total | 121 | 37,548 | 0.002% |
| | | | |
| Grand Total | 345 | 1,662,654,760 | 100% |

Source: Company Financials

# Transaction Overview

| TRANSACTION | LISTING BY INTRODUCTION |
|---|---|
| Issuer | Family Bank Limited |
| Market segment | Main Investment Market Segment (MIMS) of the NSE |
| Listing date | 23rd June 2026 |
| Authorised and issued share capital | 2,300,000,000.00 ordinary shares of KES 1.00 each, comprising a total authorised share capital of KES 2,300,000,000.00 |
| Form | 34.5% of the Ordinary Shares will be fully dematerialized and uploaded into the CDSC before trading |
| Listing/introduction price per share | KES 18.00 |
| Number of shares to be listed | 1,662,654,760 |
| Par Value (KES) | 1.00 |
| Total issued and fully paid-up shares | 1,662,654,760 |
| Issued and fully paid-up share Capital (KES) | 1,662,654,760.00 |
| Total Authorised Share Capital | 2,300,000,000 |

## Key Listing Statistics

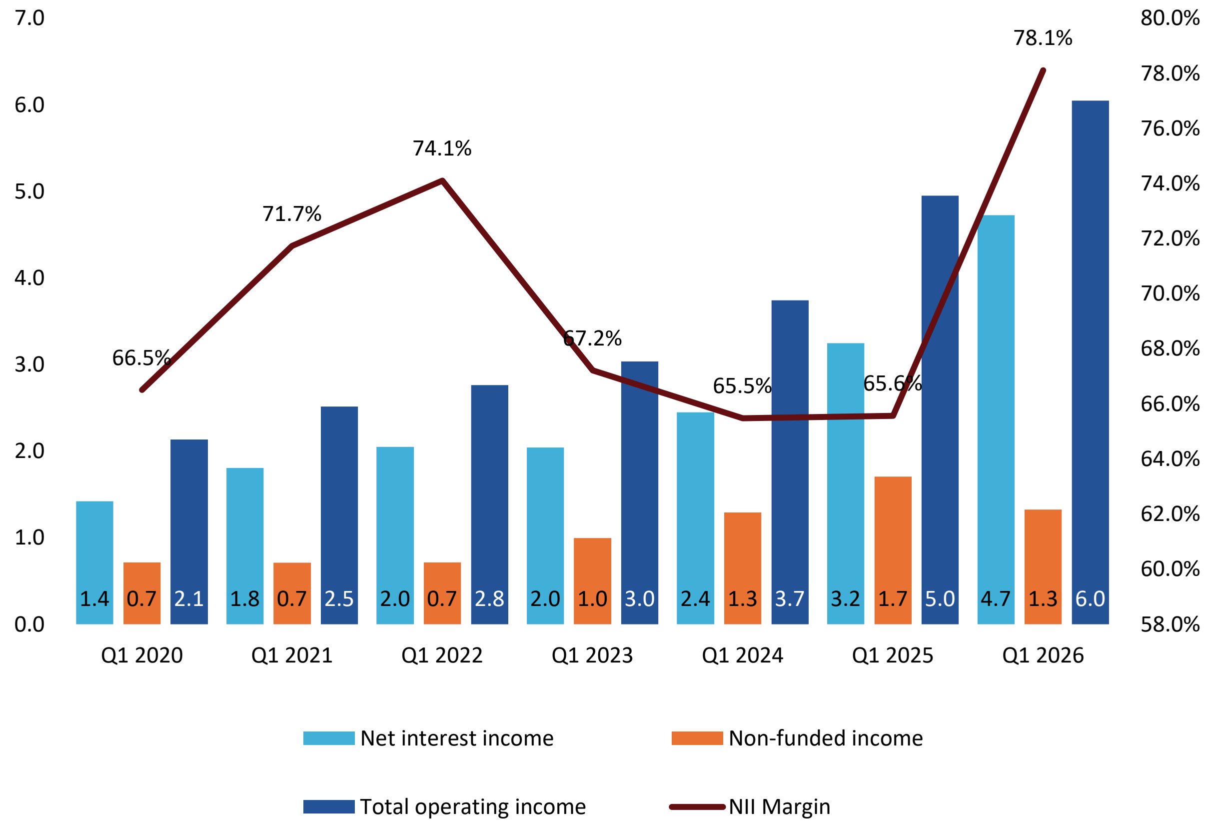
| NUMBER OF SHARES TO BE LISTED | 1,662,654,760 |
|---|---|
| Par Value (Kshs) | 1.00 |
| Listing price per share (Kshs) | 18.00 |
| Total Issued and fully paid-up shares | 1,6662,654,760 |
| Issued and fully paid-up share Capital (Kshs) | 1,6662,654,760.00 |
| Paid-up shares pending allotment, subject to CBK approval | 194,596,517 |
| Total paid-up shares | 1,857,251,277 |
| Unissued shares | 637,345,240 |
| Unissued Share capital (Kshs) | 637,345,240.00 |
| Total Authorised Share Capital | 2,300,000,000 |
| Net profit for the FY 2025(Kshs) | 5,378,153,000.00 |
| Earnings per share (EPS) FY 2025 | 3.93 |

Source: Information Memorandum

# Q1 2026 Performance Overview

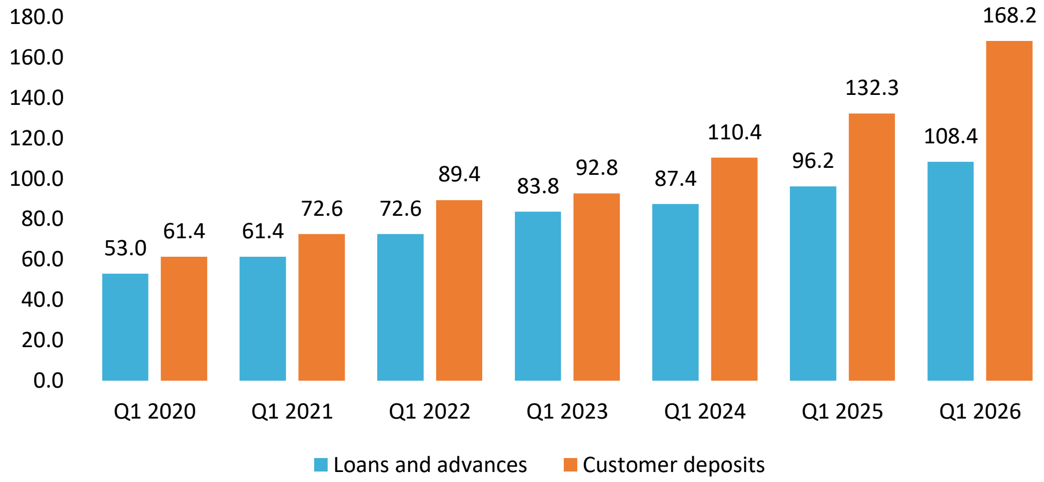
Family Bank delivered a strong start to 2026, recording growth across key financial indicators. Total assets increased to KES 230.3 billion, customer deposits reached KES 168.2 billion, and Profit After Tax grew by 52.6% to KES 1.6 billion, reflecting continued business momentum and financial strength.

**Net Interest Income, Non-funded Income & Operating Income (KES billions)**

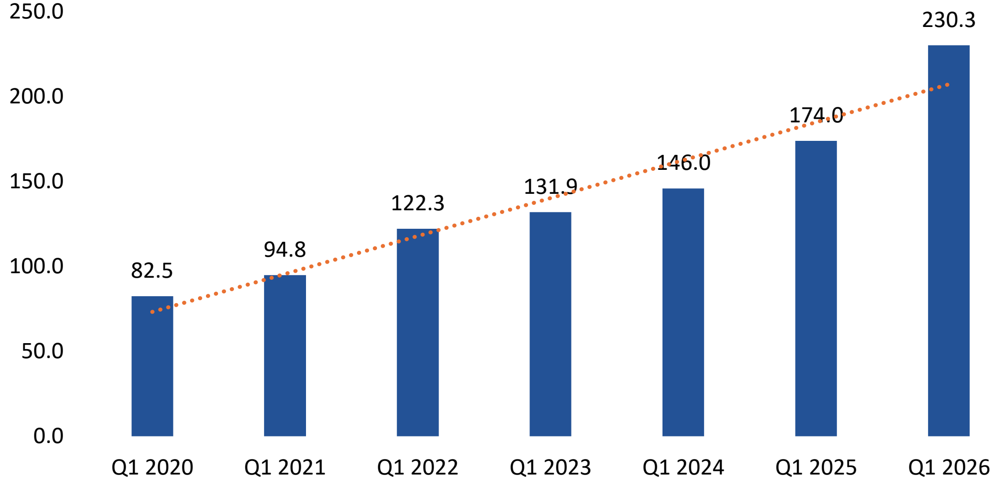



Source: Company Financials

**Loan book and customer deposits (KES billions)**

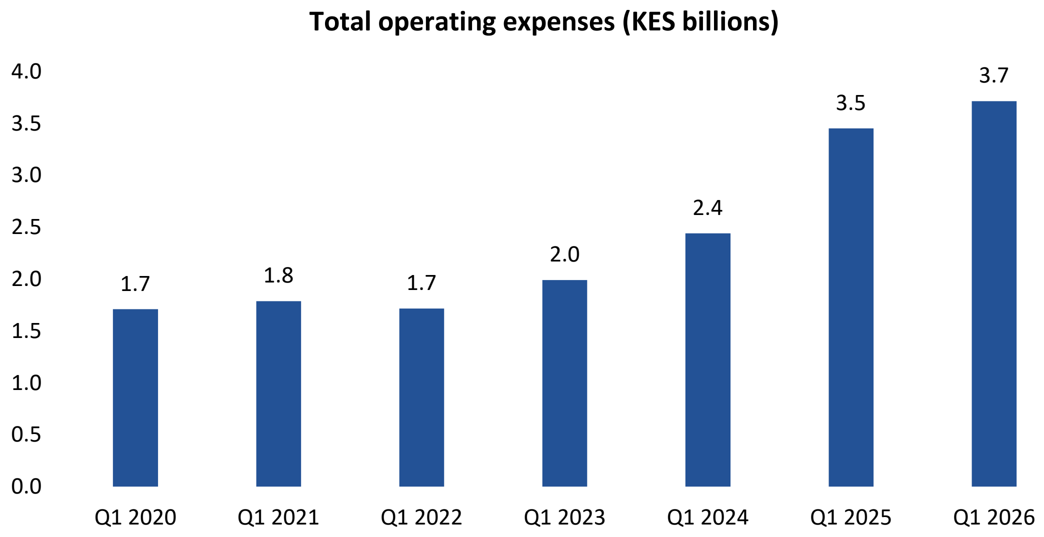


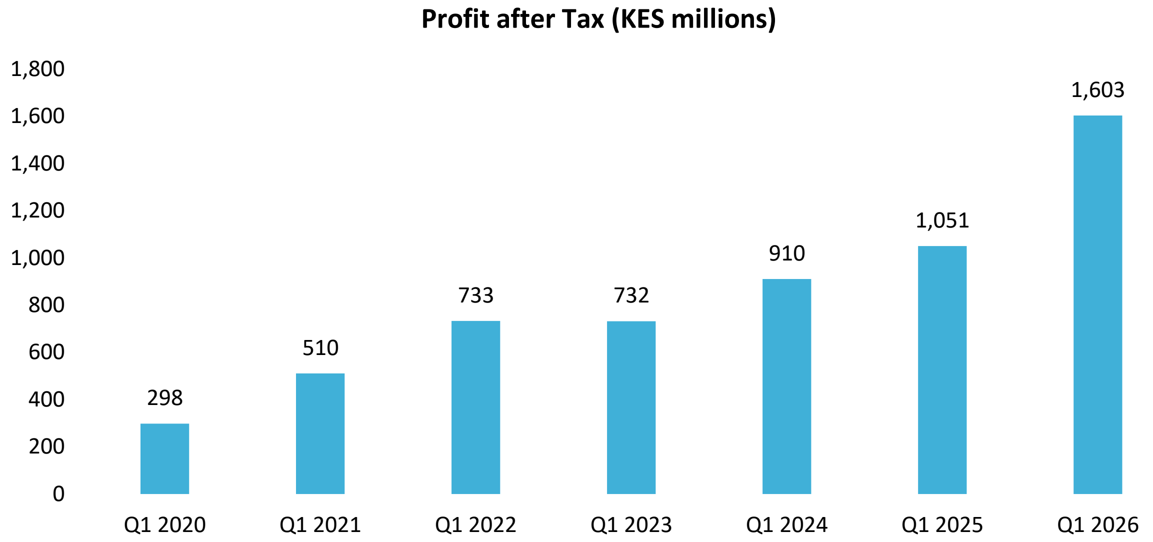

**Total Assets (KES billions)**

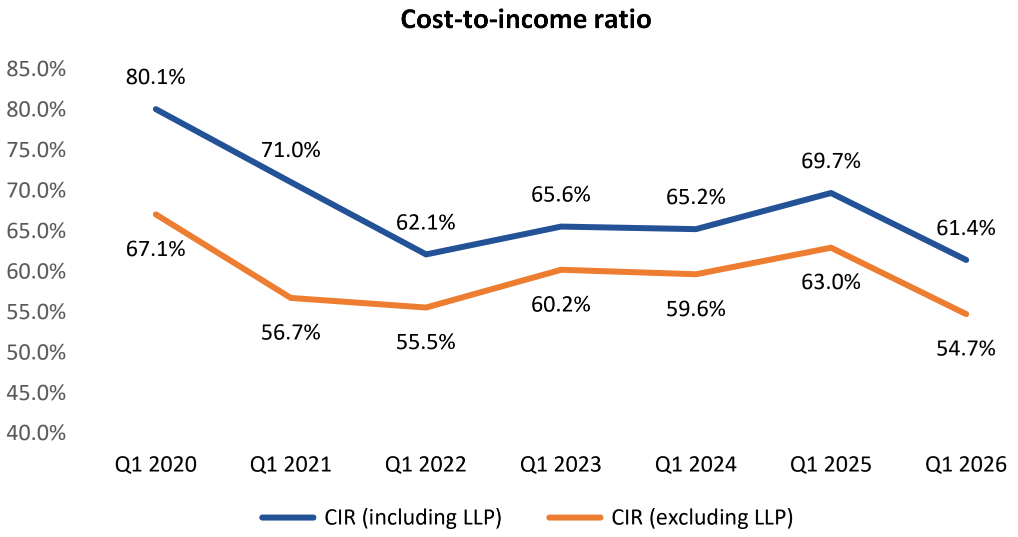



Source: Company Financials

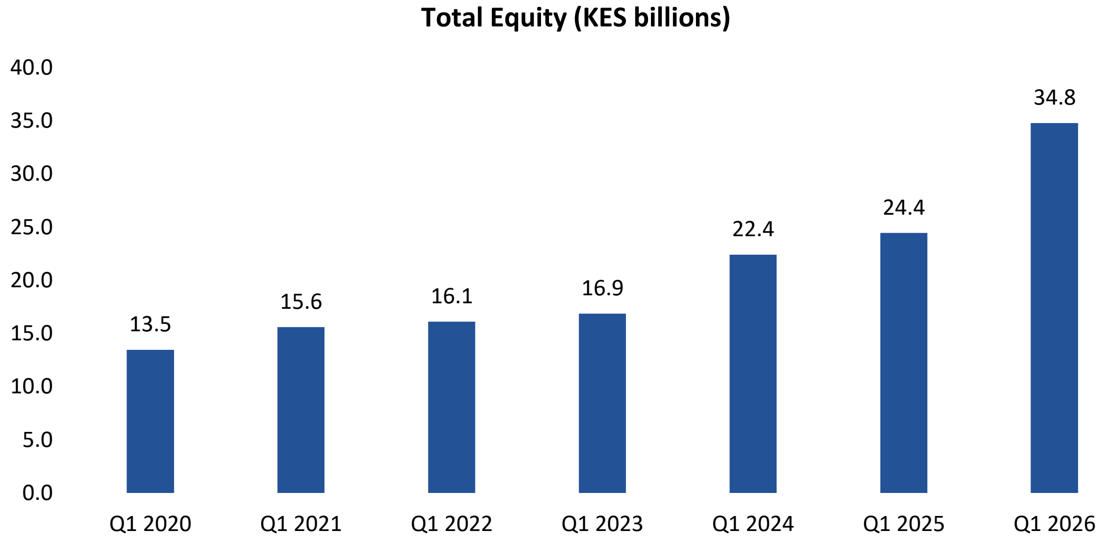
# Q1 2026 Performance Overview




Source: Company Financials




Source: Company Financials

# Peer Comparison

| Bank | Share price as at 18/06/2026 | EPS | PE | PB | DPS | Dividend Yield | PAT Growth | NPL Ratio | CIR (excluding LLP) | Total Equity (KES billions) | ROE (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ABSA | 29.20 | 4.42 | 6.61 | 1.66 | 2.05 | 7.0% | +9.7% | 11.5% | 36.50% | 100.5 | 22.80% |
| DTK | 142.00 | 33.65 | 4.22 | 0.38 | 9.00 | 6.3% | +23.1% | 11.3% | 48.80% | 101.1 | 10.59% |
| EQUITY | 79.00 | 19.07 | 4.14 | 0.92 | 5.75 | 7.3% | +54.7% | 11.5% | 51.00% | 309.5 | 24.40% |
| IMH | 58.50 | 10.79 | 5.42 | 0.94 | 3.75 | 6.4% | +27.6% | 9.6% | 46.80% | 115.2 | 17.20% |
| KCB | 71.75 | 20.80 | 3.45 | 0.68 | *5.00 | 7.0% | +10.6% | 16.2% | 42.30% | 331.5 | 20.60% |
| SBIC | 290.75 | 34.70 | 8.38 | 1.43 | 22.35 | 7.7% | +0.02% | 8.0% | 46.60% | 80.1 | 17.10% |
| SCBL | 337.25 | 32.47 | 10.39 | 1.92 | 31.00 | 9.2% | -38.0% | 5.5% | 55.50% | 66.2 | 19.08% |
| COOP | 31.55 | 5.04 | 6.26 | 1.18 | 2.50 | 7.9% | +16.9% | 15.7% | 46.30% | 150.7 | 17.55% |
| NCBA | 88.25 | 14.20 | 6.21 | 1.14 | 7.10 | 8.1% | +7.0% | 10.4% | 51.20% | 127.4 | 18.35% |
| Sector Average | | | 6.12 | 1.1 | | 7.4% | +12.4% | 11.10% | | | 18.63% |
| Family Bank | 18.00 | 3.93 | 4.58 | 0.92 | 1.20 | 5.4% | +55.4% | 14.8% | 58.90% | 32.6 | 16.5% |

***KCB dividend yield excludes the KES 2.00 special dividend.***

Source: Bloomberg and Company Financials

## SUMMARY

**Family Bank is listing at an attractive valuation of 4.6x P/E and 0.92x P/B, while delivering strong earnings growth of 55.4% in FY2025. While the Bank's cost-to-income ratio of 58.9% (excluding loan loss provisions) is among the highest in the listed banking peer group, this reflects relatively lower operational efficiency compared to sector averages. However, this also presents a meaningful opportunity for efficiency gains as the Bank scales its operations, optimizes its branch network, and accelerates digital transformation to drive cost efficiency and operating leverage.**

**Family Bank recorded a Return on Equity (ROE) of 16.5%, which is below top-tier peers such as Equity Group and ABSA but remains broadly in line with mid-tier banks. This reflects a stable profitability profile with potential upside driven by efficiency improvements and balance sheet optimization over time.**

# Outlook

Family Bank is expected to sustain its positive growth momentum in 2026, supported by strong earnings growth, an expanding balance sheet, improving operational efficiency, and the upcoming NSE listing. In FY2025, profit after tax grew by 55.4% to KES 5.38 billion, underpinned by robust growth in interest income, a growing loan book, and a strengthened funding base. The Bank also recorded strong growth in total assets, customer deposits, and shareholders' funds, demonstrating the success of its expansion strategy.

The positive trajectory continued into Q1 2026, with profit after tax increasing by 52.6% to KES 1.6 billion. Total operating income grew by 22.1%, driven by a 45.4% increase in net interest income. Total assets expanded by 32.3% to KES 230.3 billion, customer deposits grew by 27.1% to KES 168.2 billion, and the loan book increased by 12.6% to KES 108.4 billion, highlighting continued business growth and strong customer confidence.

Looking ahead, the Bank's planned listing on the Main Investment Market Segment (MIMS) of the Nairobi Securities Exchange on 23rd June 2026 is expected to enhance its visibility, strengthen corporate governance standards, improve liquidity for shareholders, and broaden investor participation. The listing comes from a position of financial strength following a successful private placement that raised KES 8.0 billion and achieved a 131% subscription rate, signaling strong institutional investor confidence in the Bank's long-term prospects.

Additionally, Family Bank's diversified business model, supported by its bancassurance operations, digital subsidiary PesaPap Digital, and strong SME franchise, positions it well to capitalize on growing demand for financial services. While asset quality remains an area to monitor given the relatively elevated level of non-performing loans, the Bank has demonstrated resilience through improved provisioning and a stronger capital base. The gross NPL ratio improved marginally from 15.1% in FY2020 to 14.8% in FY2025, remaining below the industry average of 15.3%. Additionally, the NPL coverage ratio strengthened to 72.1% in FY2025 from 58.0% in FY2020, reflecting a more robust provisioning buffer and enhancing the Bank's capacity to absorb potential credit losses.

Overall, we expect Family Bank to maintain strong earnings growth in 2026, supported by continued balance sheet expansion, rising non-funded income contributions, enhanced market visibility following its NSE debut, and sustained execution of its 2025–2029 strategic plan. The listing is likely to serve as a catalyst for greater investor interest and improved valuation transparency as the Bank transitions into Kenya's listed banking sector.

Family Bank presents a compelling long-term investment proposition supported by strong earnings growth, sustained balance sheet expansion, a growing deposit franchise, improving profitability metrics, and a strengthening capital position. The Bank's diversified business model, encompassing banking, bancassurance, and digital financial services, further supports its long-term growth prospects. However, given that the NSE listing will be by introduction, investors should closely monitor secondary market liquidity and early trading activity, as these will be central to price formation. While 34.5% of the issued share capital qualifies as free float, actual trading volumes and investor participation will ultimately determine liquidity conditions and valuation efficiency following listing.

We maintain a positive view on the Bank from a fundamental perspective, with the listing providing investors exposure to a growing indigenous banking franchise supported by strong earnings momentum, sustained balance sheet expansion, and improving financial strength.

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**Glossary of Terms**

Target Price – Analyst estimate of the fair value or intrinsic value of the company.
Cost of Funds - This is the effective average interest rate paid on interest-earning liabilities. It is calculated as Total Interest Expense/Average Interest Earning Liabilities.
Loan Yield - This is the effective average interest rate received on average loans and advances. It is calculated as Interest on Loans and Advances/Average Loans and Advances.
Cost of Risk – This ratio measures the amount of risk involved in lending. It is calculated as Net Impairment Provisions/Average Gross Loans in the period.
Non-Performing Loans -These are loans that have been classified as impaired. The CBK classifies loans into five categories i.e. Normal, Watch, Substandard, Doubtful, and Loss depending on the performance of the loan. The last three i.e. sub-standard, doubtful, and loss are referred to as non-performing loans. Under IFRS, these are classified as stage 3 loans.
Non-Performing Loans (NPL) Ratio - This is the proportion of NPLs in the loan book. It is calculated as Gross NPLs/Gross Loans.
Non-Funded/Non-Interest Income– This represents income that is not classified as interest income.

**Recommendation**

BUY – Minimal risks to catalysts.
SELL- Risks outweigh the catalysts.
NEUTRAL – This is where the positives and negatives in a company almost balance out. You can accumulate for the long term