

Stock Recommendations

11 September 2025

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Equities continue to reap from the interest rate cuts supported by low inflations witnessed in the local economy. The rate cuts continue to impact investments especially return on investments from government securities while leaving the returns from stocks elevated on low cost of financing businesses. The surge in prices is further informed by better financials witnessed in the listed counters especially for the half year 2025 results announced in August 2025.

As such we have identified the following stocks for your investment considerations as we further anticipate for the low interest rates to support private sector and overall drive economic growths:

KCB Group – BUY: Trading at KES 52.25 per share as of 10th September 2025, the Group's valuation improved to KES 60.06 as of August 2025, supported by higher earnings. This is after posting a 7.1% rise on its profits before tax (PBT) from KES 38.11Bn to KES 40.32Bn supported by its core business of lending and its regional expansion.

The Group's subsidiaries' PBT grew faster at 14.4% from KES 10.86Bn in H1-2024 to KES 12.43Bn in H1-2025 despite shedding off National Bank of Kenya (NBK), pointing to a better outlook on its regional subsidiaries performances, whose contribution to Group PBT improve from 28.5% to 30.4%.

Even after the KES 4.00 interim book closure that happened on 3rd September for payments on 11th October 2024, the Group's price has remained strong, re-affirming our above revised price value from KES 54.00 to KES 60.06 per share, a 14.9% upside from the current price of KES 52.25 per share.

KCB Group Price Movement Vs NASI Index



Safaricom – LONG-TERM BUY: We recommend an entry at the current price of KES 29.15 per share with a price target of KES 36.00, supported by Safaricom Ethiopia whose three-month active subscribers hit **10.1 million** mark in June 2025; and the local unit performance which recorded 11.6% jump in PBT for FY-2024. In FY2026 we expect Safaricom Kenya to retain double digit growths as Safaricom Ethiopia fares towards break-even in March 2027.

On its financials for the year ending 31st March 2025, Safaricom plc reported a 10.1% rise in profits before tax from KES 84.69Bn in FY2024 to KES 93.21Bn in FY2025, supported by an 11.2% rise in total revenues from KES 349.45Bn to KES 388.69Bn. Profits after tax went up 7.3% to KES 45.76Bn being impacted by Safaricom Ethiopia loss. Safaricom Kenya, however, reported a stellar growth of 11.6% in PBT to KES 142.95Bn and a 10.9% rise in PAT to KES 95.50Bn.

We also expect the management to review upwards its dividend payout from the current 69% to its policy requirement of at least 80% of its earnings per share, which will be boosted by Safaricom Ethiopia.

Safaricom Price Movement Vs NASI Index



I&M Group - BUY: We recommend a BUY recommendation with a valuation price of KES 48.42, a 15.0% upside from the current price of KES 42.10. This is supported by the Bank's strategy focus on retail banking space, enabled by the additional KES 4.19Bn capital injection by way of additional share in late 2024.

In H1-2025, I&M Group reported a 34.1% rise in its PBT to KES 11.71Bn partly supported by some early gains of going retail banking.

I&M Group Price Movement Vs NASI Index



We expect the Group to continue reaping off from its expanded branch network which moved from 48 by end of 2023 to 61 branches in HY-2025. This has so far seen its customer base nearly double its customer base from 300K on 31st Dec 2023 to 562K by end of June 2025.

HF Group – Long-term BUY: Trading at KES 10.95 per share as of 10th September 2025, The Group's price has gained drastically supported by its rising profits. We value the Group at KES 15.54, a 41.3% upside from the current price, purely based on its current enterprise value.

The price surge is attributed to a 148.3% jump in PBT from KES 282.96Mn in HY2024 to KES 702.65Mn in HY2025, also emanating from the retail lending and focus after capital boost of KES 6.38Bn, following an oversubscribed rights issue. This follows a change in business model from a mortgage bank only to retail banking which is very key in Kenya's banking sector. At the current growth rate, the company's price is likely to improve even better.

HG Group returned to profitability in 2022 immediately after its major stakeholder, Britam, injected KES 1.00Bn capital. With the injection of KES 6.38Bn HF is projected to grow at a faster rate. According to the management, HF Group dividends are likely to resume as from the financials of 2026 due in March 2027.

Britam – Long-term BUY: Trading at KES 8.74 per shares as of 10th September 2025, the risk insuring company continued to recorded higher profits and improved pricing.

The company has shown interest of regional expansion, having conserved resources to drive this initiative, after periods of dividend non-payment.

The counter commands the largest market share of 22% in the life assurance sector to record a 10.6% rise on its insurance revenue to KES 19.69Bn. This is despite posting a 10.7% drop on its HY2025 PBT on higher insurance contracts.

As the insurance business continue to gain traction both locally and in the region, we expect Britam's returns to soar further and rally the price upwards to pre-covid levels. As such we issue a BUY recommendation with a price target of KES 10.00 in the next 6- to 12-months. Further we, expect the company to resume payment of dividends in FY2025.

HF Group Price Movement Vs NASI Index



Britam Price Movement Vs NASI Index



End

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