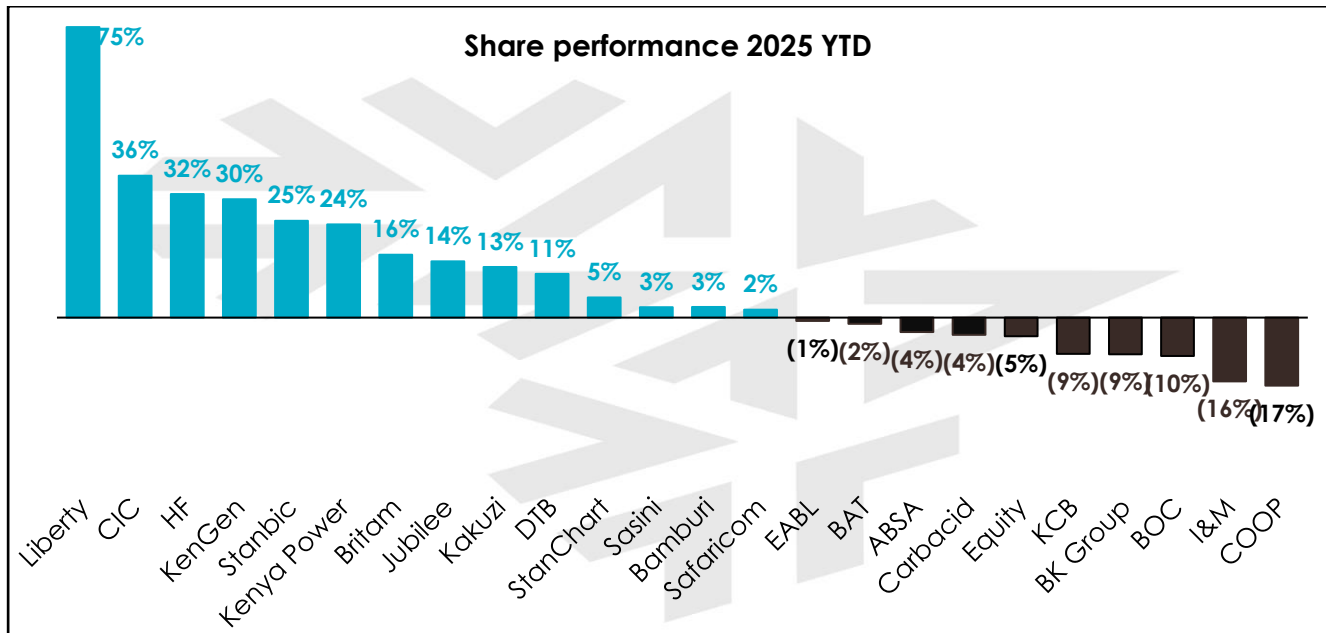


Stock market Summary



Source: NSE, NCBA IB Research

Since the beginning of the year, the bourse has sustained its upward momentum, with the NASI posting a YTD gain of 0.59%. However, on a M/M basis, the index declined by 3.62%, largely due to global uncertainty stemming from tariff escalations and a wave of price corrections, particularly within the banking sector following the release of full-year earnings. Despite the short-term dip during the month, the market outlook remains positive, underpinned by strong investor confidence, improved corporate earnings, and stable macroeconomic fundamentals.

Banking stocks have shown steady but mixed performance with a combination of strong gainers and decliners YTD. This divergence likely reflects **post-earnings price corrections**, investor differentiation based on asset quality, cost efficiency, and exposure to regional markets. Listed banks recorded a 26% growth in core earnings per share with counters such as Stanbic and Standard chartered announcing dividends at highs of KES 20.74 and KES 45 respectively.

Insurance stocks- The insurance sector has outperformed in 2025 YTD, with all listed insurers recording double-digit gains. The counters announced FY24 results and the impressive share performance signals renewed investor confidence in the sector. Sanlam reported a 933% surge in net profits to KES 1Bn, while Britam posted a solid 53% increase in net earnings to KES 5Bn and CIC Insurance nearly doubled its profits to KES 2.8Bn. Liberty Kenya also joined the profitability rebound, recording a 117% spike in after-tax profits to KES 1.37Bn. This widespread upswing in both market performance and profitability highlights a sector-wide turnaround driven by improved underwriting margins, investment income, and cost discipline.

The resilience of the **energy sector**, led by Kenya Power and KenGen, reflects a positive investor outlook despite cost pressures. This optimism is partly driven by a stabilizing macroeconomic environment and financial results within the market expectations.

Outlook

Both globally and locally, equity markets are on a recovery path, largely driven by the pause in interest rate hikes. We anticipate a positive performance in equities in 2025, supported by improved investor sentiment and a more stable macro environment. However, geopolitical tensions and ongoing tariff uncertainties continue to weigh on market performance and may introduce bouts of volatility. In this context, we maintain a preference for fundamentally strong companies that are trading at a discount to their intrinsic value. In particular, we see attractive opportunities in the banking sector and recommend investors consider building positions in select banking stock and select counters within the other sectors.

Opportunities

- **Re-balancing of portfolios:** Diversification of a portfolio seeks to mitigate concentration risk, prioritizing investment in companies with strong and well-capitalized balance sheets.
- **Dividend stocks:** Dividend-paying stocks are an efficient way to hedge the effects of a bear market by providing a steady stream of income to investors.

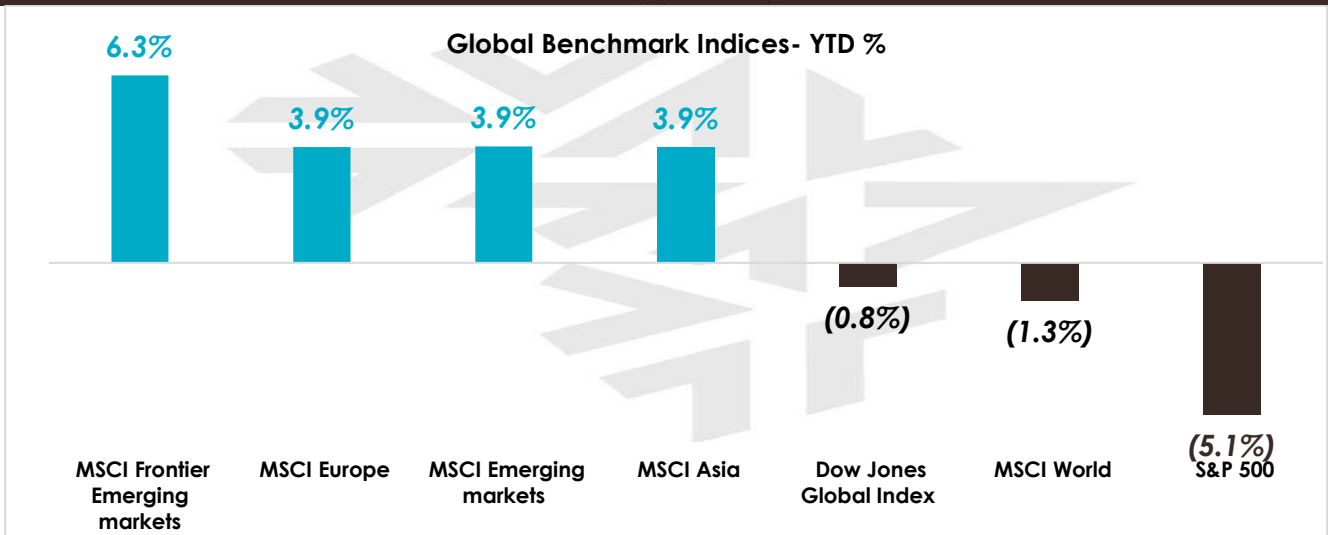
Threat

- **Macro-economic environment:** This has been characterized by slow growth because of high interest rates and significantly reduced disposable income, impacting consumption.

Emerging and frontier markets are outperforming developed markets YTD with MSCI Frontier EM leading by 6.3% signaling a resurgence in investor appetite for high-growth, undervalued regions.

In contrast, developed markets, particularly the U.S., are under pressure, signaling a shift in capital flows and risk sentiment with the tariff escalation especially with China. S&P 500 was the worst performer, down 5.1%, weighed by valuation concerns and market correction in large-cap U.S. tech stocks.

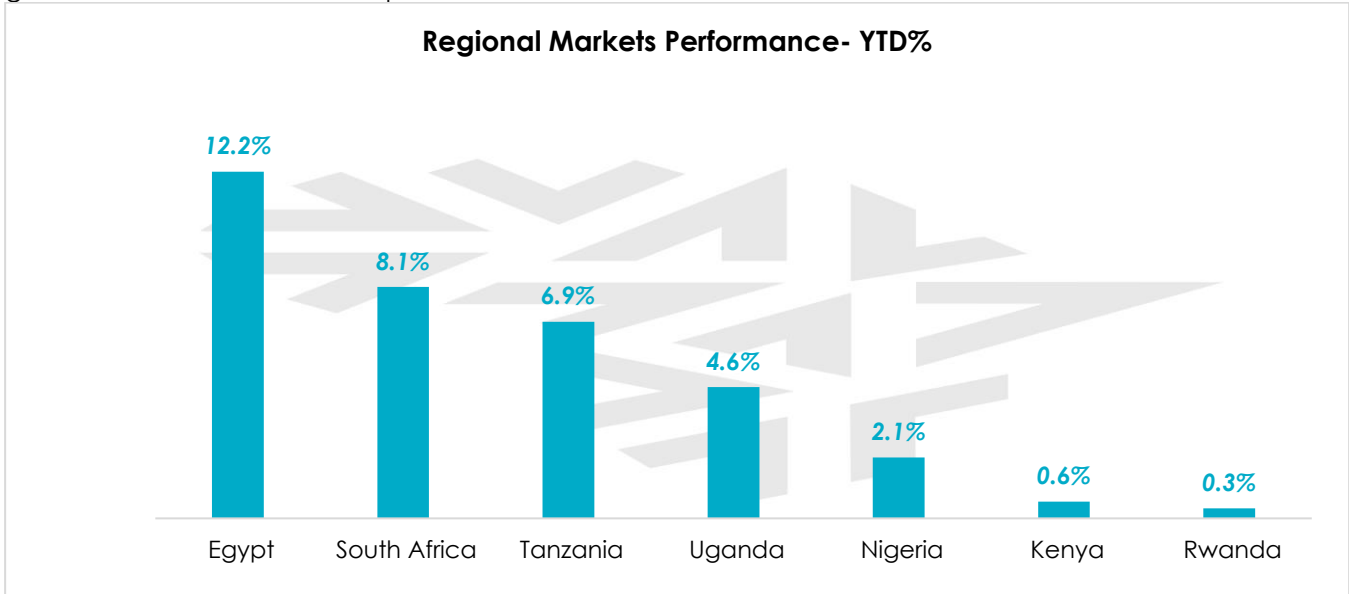
The strong showing by frontier markets supports renewed foreign interest in frontier markets. This global rotation into undervalued and high-yield markets could benefit Kenya, especially if macroeconomic stability and corporate earnings remain supportive.



Source: Bloomberg, NCBA IB Research

Regional Markets Performance

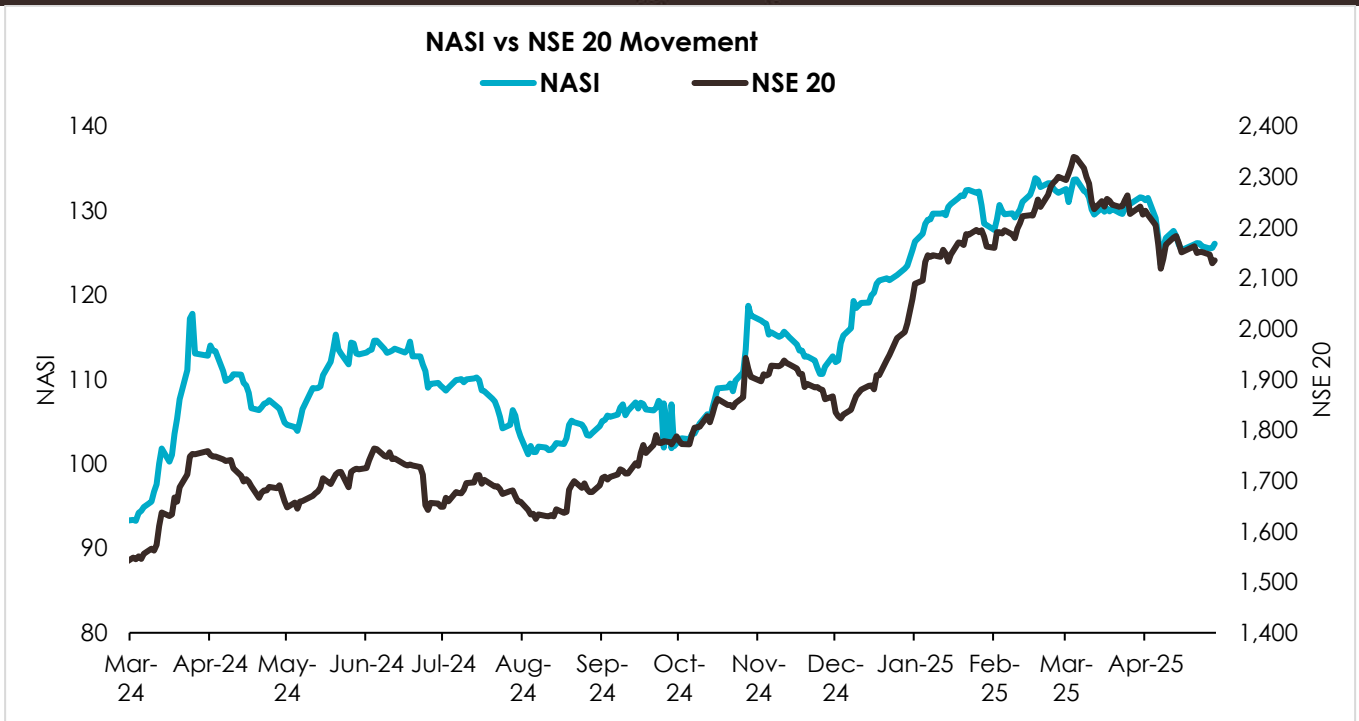
The regional indices recorded positive performance with the Egyptian Market recording the highest YTD gain. This is on the back of capital flows to the undervalued markets.



Source: Bloomberg, NCBA IB Research

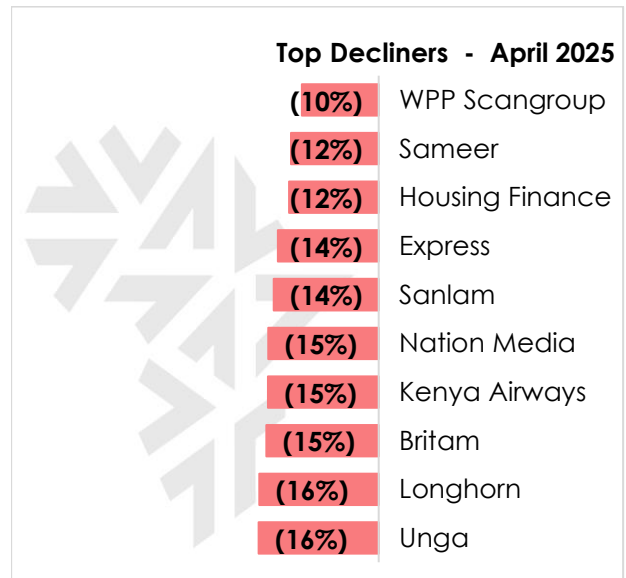
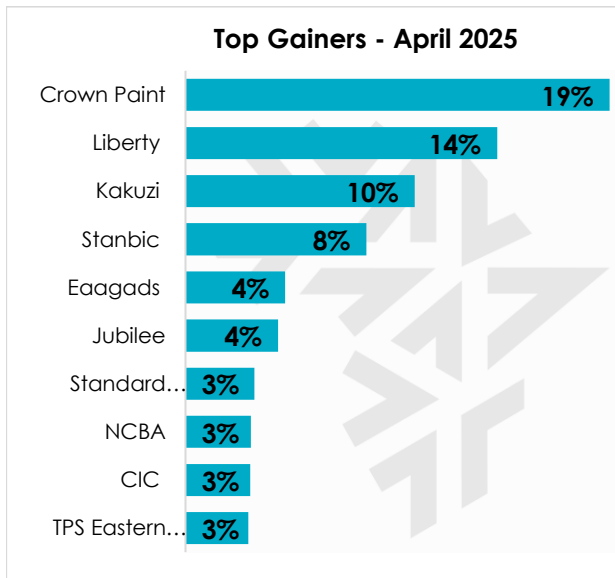
Local Market Performance

The local stock market maintained upward momentum but slowed down, with a decent number of counters posting positive price appreciation. However, risks persist emanating from global uncertainty amidst tariff tensions. This is reflected on m/m NASI decline.



Source: Bloomberg, NCBA IB Research

NSE Stock Performance



Source: NSE, NCBA IB Research

Foreign Investors Participation

Rate cuts are on the table for most central banks, albeit at a potentially slower pace, with some considering pauses as guided by prevailing economic data. Subsequently, we expect foreign inflows into the equities markets, in the short to medium term.

Macros in a Snippet

- **Fed Meeting-** Fed is expected to meet this week and hold the interest rate. This comes on the back of harsh criticism and demands from President Donald Trump that the Fed reduce borrowing costs.
- **US Economy-** The U.S. economy grew at an annualized rate of **1.2% in Q1 2025**, falling short of market expectations and signaling a loss of momentum. The slowdown is expected to persist amid ongoing global trade tensions and heightened tariff uncertainty. In response to these headwinds, the IMF has revised down its global growth forecast, citing weaker demand and rising geopolitical risks.
- **Eurozone Inflation-** Remained unchanged at 2.2% in April, leaving path open for further ECB interest rate cuts. Core inflation increased to 2.7% from 2.4% in March with the services inflation coming in at 3.9% compared to the previous 3.5% reading.
- Bank of England is also expected to meet next week with a potential rate cut.
- **Trade Tensions and Tariffs-**Trade tensions between the U.S. and China remain elevated, with tariff rates surpassing 100%, contributing to sluggish global market performance. While speculation around a potential trade agreement between the two economic powers has offered some hope, no formal deal has been confirmed yet.

Currency

The Kenyan Shilling has remained stable against the US Dollar in 2025, with a marginal YTD depreciation of 0.03%. This stability is expected to be sustained by the Central Bank of Kenya's interventions through Open Market Operations, along with support from diaspora remittances, tourism inflows, and funding from multilateral lenders.

Currency Performance			
Period	USD/KES	GBP/KES	EURO/KES
Apr-25	129.34	173.21	147.16
Year to date	0.03%	6.79%	9.24%

Source: CBK, NCBA IB Research

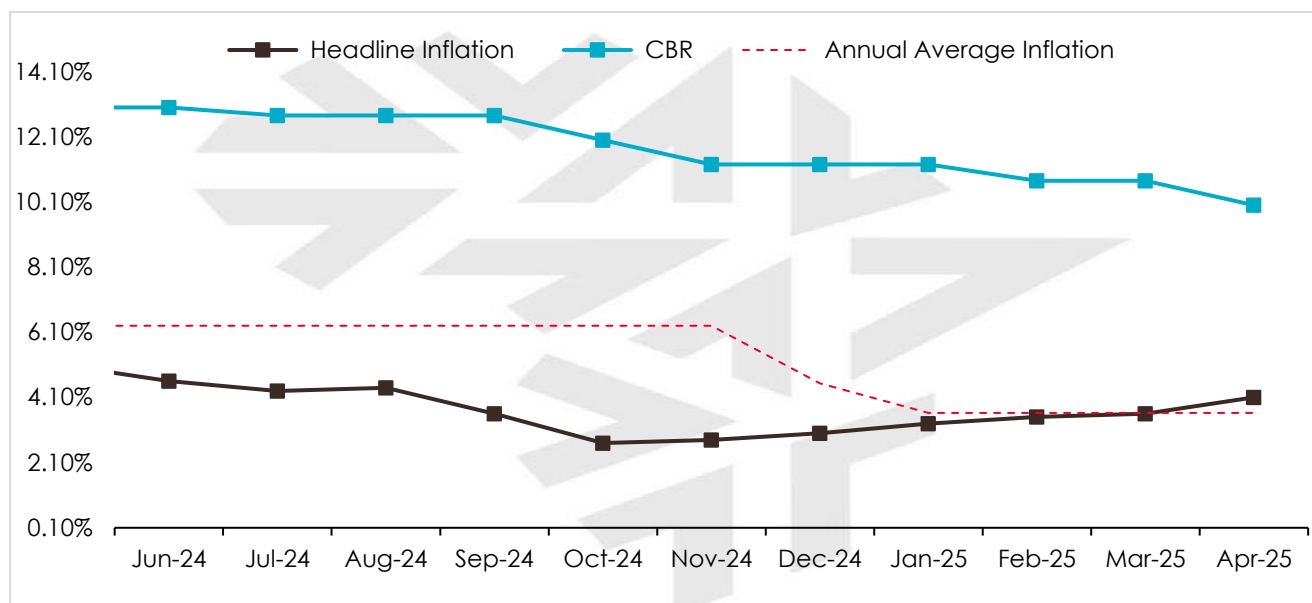
Inflation

The annual headline inflation recorded a further increase of 4.1% in April from 3.6% in March. The core inflation rate, the central bank's preferred gauge of underlying price growth, stood at 2.5%, up from 2.2% in March. The performance was on the back of pressure on supply of food items and non-alcoholic beverages during the period.

Despite the marginal increase, we anticipate annual inflation rate to remain stable and within the CBK's target range supported by stability in food prices and aided by declining global fuel prices.

Statistic	Current	Previous	Change (bps)
CBR	10.00%	11.75%	(75.0)
Inflation	4.1%	3.60%	50.00

Source: CBK, NCBA IB Research



Source: CBK, KNBS, NCBA IB Research

Liquidity conditions

Liquidity conditions eased during the month. Indicatively, the overnight interbank rate declined by 50.53bps month on month to close at 10.17%

The average daily traded volumes increased to KES 15.02Bn from KES13.77Bn recorded the previous month.

Statistic	Apr-25	Mar-25	Change (bps)
CBR	10.00%	10.75%	(75.00)
Average Interbank Rate	10.17%	10.68%	(50.53)

Source: CBK, KNBS, NCBA IB Research

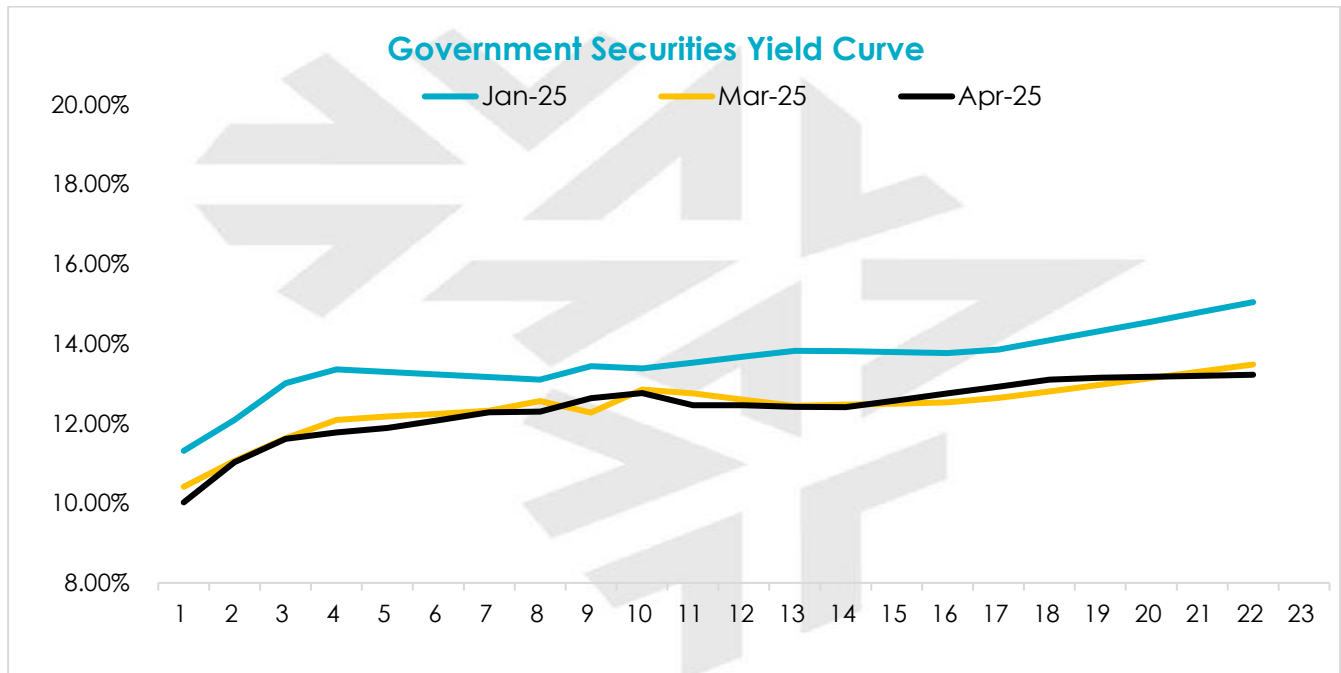
Interest rates

The downward trend in short-term Treasury bill yields has persisted into 2025, with the 91-day, 182-day 364-day papers declining m/m. However, the pace of decline is expected to be more gradual compared to the aggressive easing observed earlier.

Prevailing rates	Apr-25	Mar-25	M/M change (bps)
91 Day	8.41%	8.79%	(38.49)
182 Day	8.62%	9.06%	(43.93)
364 Day	10.01%	10.41%	(40.59)

Source: CBK, NCBA IB Research

Yields on government securities are on a downward trajectory. Overall, we anticipate a continued downward trend in the yield curve, driven by the transmission of recent rate cuts into the market.



Source: CBK, NCBA IB Research

May 2025 Stock Pickss

Counter	Current Price *30th April 2025	Target price	Upside	Trailing Dividend	Trailing Div. Yield	Recommendation
<u>Banking</u>						
ABSA	18.15	19.40	6.89%	1.75	9.64%	NEUTRAL
BK Group	31.70	46.80	47.63%	3.02	9.53%	BUY
COOP	14.40	19.86	37.92%	1.50	10.42%	BUY
DTB	74.25	85.25	14.81%	7.00	9.43%	NEUTRAL
Equity	45.70	55.21	20.81%	4.25	9.30%	BUY
I&M	30.10	39.61	31.59%	3.00	9.97%	BUY
KCB	38.45	53.02	37.89%	3.00	7.80%	BUY
Stanbic	174.50	181.59	4.06%	20.74	11.89%	NEUTRAL
StanChart	300.00	316.85	5.62%	45.00	15.00%	NEUTRAL
<u>Telecommunication</u>						
Safaricom	17.55	22.35	27.35%	1.20	6.84%	BUY
<u>Manufacturing & Allied</u>						
BAT Kenya	370.25	493.57	33.31%	50.00	13.50%	BUY
BOC Kenya	80.00	90.06	12.58%	6.15	7.69%	NEUTRAL
Carbacid	19.45	22.3	14.65%	1.70	8.74%	NEUTRAL
EABL	174.00	182.78	5.05%	7.00	4.02%	NEUTRAL
<u>Energy</u>						
KenGen	4.89	5.22	6.75%	0.30	6.13%	NEUTRAL
<u>Agricultural</u>						
Kakuzi	440.00	438.41	(0.36%)	8.00	1.82%	SELL
Sasini	15.40	18.10	17.53%	1.50	9.74%	NEUTRAL

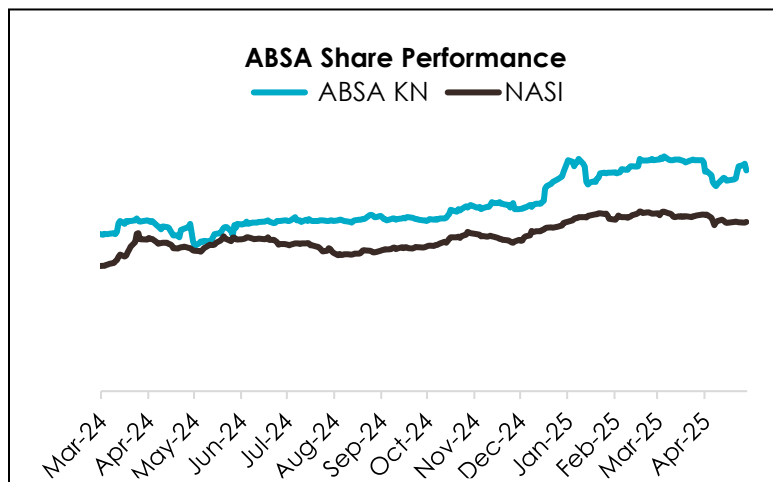
- *BUY – Total expected 12-month return (incl. dividends) greater than 20%
- *NEUTRAL – Total expected 12-month return (incl. dividends) between 0%- 20%
- *SELL – Total expected 12-month return (incl. dividends) less than 0%

INVESTMENT CONSIDERATION

ABSA Bank Kenya: NEUTRAL with a Target Price of KES 19.40

Share Data	
BIC	ABSA KN
Recommendation	NEUTRAL
Last Price	18.15
Target Price	19.40
Upside (Excl. Div Yield)	6.89%
Market Cap (KES'Bn)	98.58
52- week high	19.50
52- week low	10.00

Source: Bloomberg, NCBA IB Research, NSE



FY 2024 Financial Performance

- **Profitability:** ABSA Bank Kenya reported a 27.5% rise in profit after tax to KES 29.7Bn, with EPS up to KES 3.84. Growth was driven by higher interest and non-interest income.
- **Balance Sheet Growth: Customer deposits** rose by 1.2%, while **loans** declined 7.9% due to forex impact and weaker credit demand. On a constant currency basis, loan contraction was minimal.
- **Asset Quality:** NPLs increased to 12.1%, mainly from manufacturing and construction. However, ABSA maintained a stable coverage ratio of 66%, showing disciplined risk management. The bank's gross NPLs increased by 20.5%, reaching KES 42.5Bn, which resulted in an NPL ratio of **12.1%**, up from 9.5% the previous year

Outlook

Going forward the bank is poised for steady growth supported by diversified revenue streams such as corporate banking, digital lending, and new ventures like asset management and bancassurance.

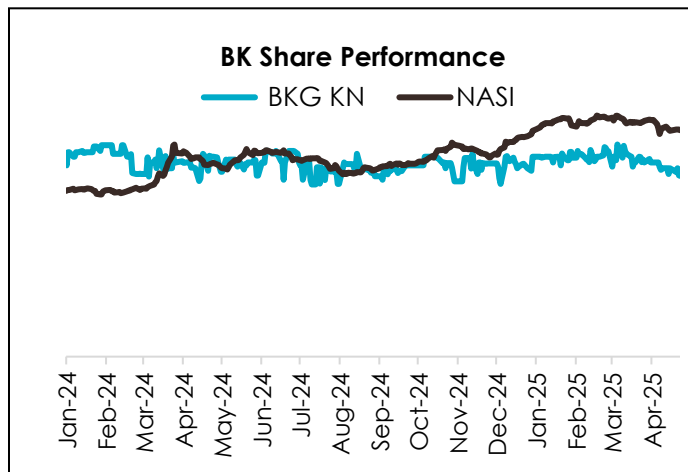
Its KES 3Bn investment in digital transformation has enhanced operational efficiency, with over 93% of transactions now digital and a 21% increase in Timiza loan disbursements.

The bank remains focused on cost optimization, targeting a cost-to-income ratio in the low 40s. Additionally, ABSA's proactive risk management and a below-industry NPL ratio of 12.1% position it well to navigate credit challenges while sustaining growth.

BK Group: BUY with a target price of KES 46.80

Share Data	
BIC	BKG KN
Recommendation	BUY
Last Price	31.70
Target Price	46.80
Upside (Excl. Div Yield)	47.63%
Market Cap (KES'Bn)	28.43
52 weeks high	38.00
52 weeks low	26.50

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

- **Profitability:** Net Income of RWF 91.0Bn (KES 8.5Bn), an increase of 21.7% y-o-y on the back of substantial growth across all its subsidiaries. This performance strengthens BK Group's position as a resilient and leading player across diverse sectors in the Rwanda market.
- **Balance Sheet Growth:** Total assets increased by 19.2% y-o-y to RWF 2.5Tn (KES 303.8Bn). Net loans & advances increased by 16.8% y-o-y to RWF 1.5Tn, (KES 135.6Bn) while deposits increased by 19.5% to RWF 1.6Tn (KES 153.1Bn).
- **Sustained Growth and Shareholder Returns:** The Group delivered solid returns for its shareholders, posting a Return on Average Assets (ROAA) of 3.9% and a Return on Average Equity (ROAE) of 22.6%. Basic earnings per share stood at RWF 97.8, while the book value per share increased to RWF 471.3, reflecting the Group's consistent value creation and capital strength.
- **Prudent Risk & Asset Management:** Net loan loss provisions increased by 82.9% year-on-year, reflecting a more cautious provisioning approach in response to heightened credit risk within specific segments of the loan portfolio. This increase was also driven by updates to IFRS 9 model assumptions, aligned with evolving regulatory guidance. Despite the elevated provisioning levels, asset quality strengthened, with the NPL ratio improving to 3.2% from 4.5% at the end of 2023 supported by intensified recovery efforts. Ongoing emphasis on proactive credit monitoring and collections is expected to sustain this positive momentum in asset quality.

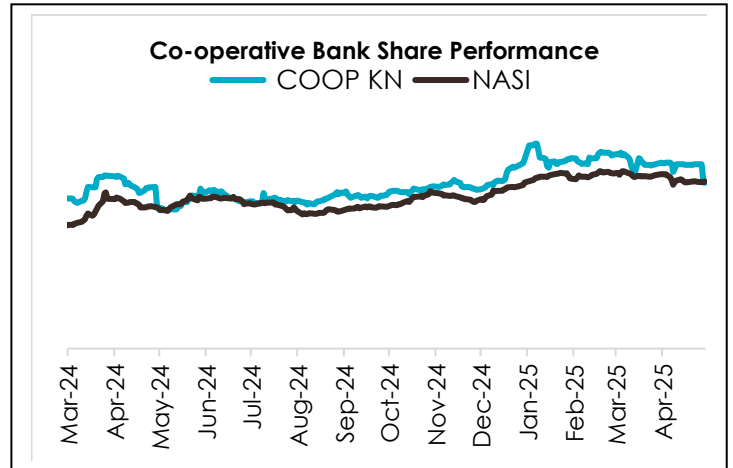
Outlook

BK Group has put in strategies to improve its loan book by expanding the customer base. It is also offering a comprehensive approach that prioritizes the growth and diversification of its business operations. The Group continues to optimize its digitalization process to streamline operations and enhance customer experience.

Co-operative Bank of Kenya: BUY with a target price of KES 19.86

Share Data	
BIC	COOP KN
Recommendation	BUY
Last Price	14.40
Target Price	19.86
Upside (Excl. Div Yield)	37.92%
Market Cap (KES'Bn)	84.45
52 weeks high	18.35
52 weeks low	10.10

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

- **Profitability:** Co-operative Bank Kenya released FY2024 results posting a **9.8%** increase in PAT to KES 25.4Bn partly attributable to a 25% and 10% growth in net interest income and non-interest income.
- **Balance Sheet Growth:** The bank's loans and advances to customers dropped marginally by 0.1% to KES 373Bn driven by slowed credit growth across the economy, however, the group continues to reinforce its stronghold in mobile and digital lending, Co-op's Mco-op cash mobile wallet
- **Asset Quality:** Non-performing loans increased by **6.2%** to **KES 71Bn**. Loan loss provisions increased by 44.2% to KES 9Bn driven by implementation of risk management initiatives. The **NPL ratio** deteriorated to 15.98% from 15.71%, the NPL ratio sits slightly below the industry average of 16.40% – This is indicative of worsening credit quality owing to tough macro-economic conditions.
- **Customer deposits:** Deposits from customers increased by 12% to KES 506Bn supported by deposit mobilization through the opening of new branches to scale retail expansion.

Outlook

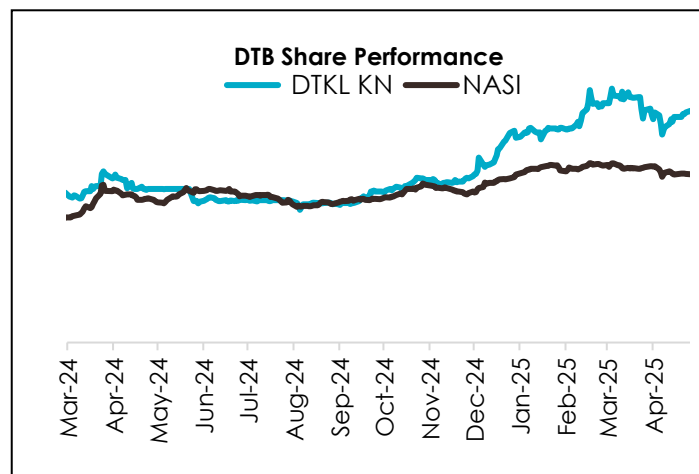
The Bank continues to execute a proactive growth strategy anchored on a strong enterprise risk management framework and deepening market dominance.

The bank is also expected to open more branches for improved service delivery and expansion of its customer base. Riding on its unique synergies, it will continue to pursue strategic initiatives that focus on resilience and growth in the various sectors of the economy.

Diamond Trust Bank: NEUTRAL with a target price of KES 85.25

Share Data	
BIC	DTKL KN
Recommendation	NEUTRAL
Last Price	74.25
Target Price	85.25
Upside (Excl. Div Yield)	14.81%
Market Cap (KES'Bn)	20.76
52- week high	83.25
52- week low	43.05

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

- **Profitability:** DTB Bank Kenya released FY2024 results posting an **11%** increase in PAT to KES 7Bn partly attributable to a 3% and 7% growth in net interest income and non-interest income, respectively.
- **Balance Sheet Growth:** The bank's loans and advances fell by **8% y/y** to KES 285Bn impacting overall assets, which dropped by 10% to KES 573Bn. The decline in asset was primarily due to muted loan uptake in Kenya influenced by the challenging macro-economic conditions.
- **Asset Quality:** Non-performing loans decreased by **13%** to **KES37Bn** primarily driven by recoveries and robust management of the loan book. The NPL ratio worsened marginally to **11.71%** higher than the industry average of 16.40%. – reflective of deteriorating asset quality.
- **Earnings:** The bank's operating income increased by 4% to KES 41Bn driven by growth in interest income in loans and government securities by 14% and 7% to KES 32Bn and KES 26Bn respectively. Relatedly, fees and commission income grew by 19.4% to KES 4.0Bn while foreign exchange trading income decreased by 15% to KES 5Bn

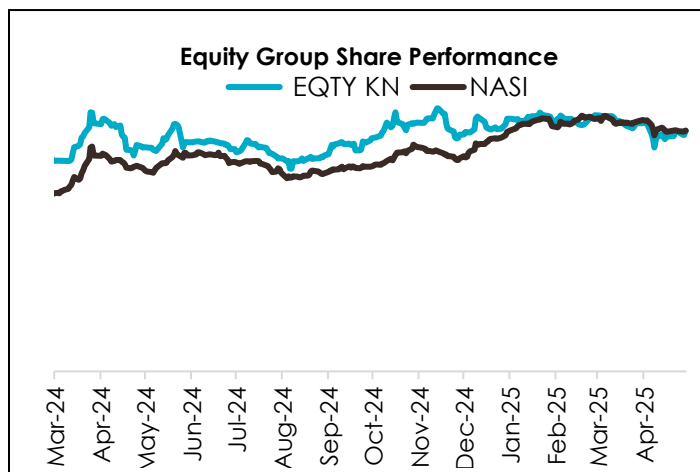
Outlook

Going forward the bank will continue to expand regionally with strategy hinged on a two-strand approach which includes use of the traditional brick-and-mortar infrastructure and the deployment of new-age technology to deepen penetration and provide convenience and access to our customers.

Looking ahead, growth is expected to be driven by the lender leveraging position as a leading SME bank along with focus on new sectors such as education, agriculture, public sector and technology. Consolidation of new ecosystems will add impetus to customer and Balance Sheet Growth

Equity Group: Buy with a target price of KES 55.21

Share Data	
BIC	EQTY KN
Recommendation	BUY
Last Price	45.70
Target Price	55.21
Upside (Excl. Div Yield)	20.81%
Market Cap (KES'Bn)	172.46
52- week high	51.00
52- week low	33.70



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

- **Profitability:** Equity Group Holdings posted an **11.6%** year-on-year increase in **PAT to KES 48.8Bn**. This was mainly driven by a **3.73%** growth in net interest income and a **10.65%** rise in non-interest income.
- **Balance Sheet Growth:** Loans and advances declined by **7.7%** to KES 819.2Bn, with total assets also contracting by **0.9%** to KES 1.8Tn. The loan-to-deposit ratio fell to 58.5% from 65.3%, as deposits grew modestly by 3.0%, contrasting with the decline in loans. The contraction in the loan book was largely driven by Kenyan shilling appreciation
- **Asset Quality:** Gross non-performing loans (NPLs) increased by 6.5% to KES 122.0Bn, pushing the NPL ratio to 12.96% from 11.44% in FY 2023. However, the Group's NPL ratio remains lower than the industry average of 16.4%, indicating relatively better risk management.
- **Operational Efficiency:** Cost-to-income ratio, excluding provisions, increased to 58.2% from 51.9%, reflecting despite cost optimization efforts

Outlook

The Group's growth momentum, high buffer in provisions and capital, position the institution well to unleash its offensive growth strategy. This could either be pursued opportunistically through mergers and acquisitions or via organic growth fueled by its strong brand and digital capabilities.

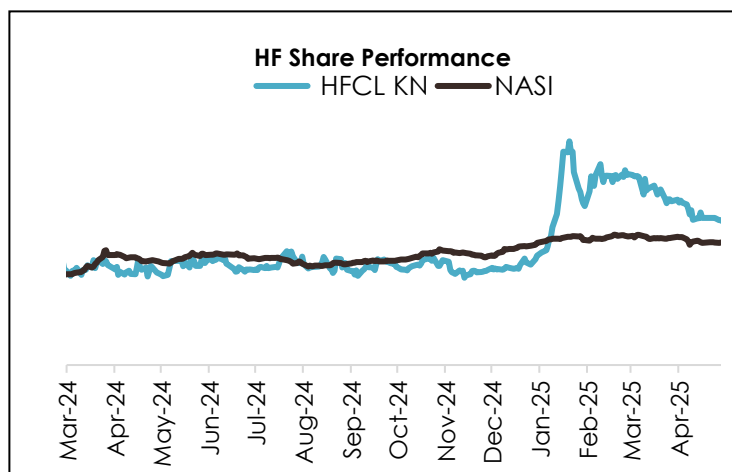
Relatedly, the Group's entrepreneurial and managerial depth anchors its reputation of execution capabilities.

Through **regional expansion, digital transformation, and disciplined risk management**, Equity Group remains well-positioned for **long-term growth and resilience** in an evolving financial landscape.

HF Group

Share Data	
BIC	HFCL KN
Recommendation	BUY
Last Price	6.06
Target Price	5.30
Upside (Excl. Div Yield)	32.50%
Market Cap (KES'Bn)	11.42
52- week high	9.74
52- week low	2.80

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

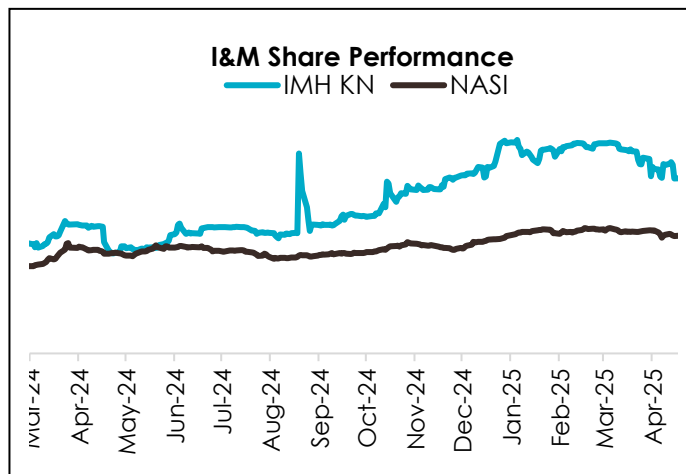
HF Group released **FY2024** financial results posting **35.2%** growth in **profit after tax** to KES 524.5Mn attributable to strong growth in both net interest income and non-interest income. The **earnings per share** rose to **KES 1.38**

- **Earnings:** Net interest income grew by 4.4% to KES 2.7Bn driven by interest income as a result of lending at higher rates during the period. Non-interest income grew by 21.2% to KES 1.51Bn driven by a 9.6% increase in FX income and a 79.8% rise in other fees & commissions.
- **Loan book:** Loans and advances in the period increased by 0.2% to KES 38.9Bn while overall assets grew by 14.0% to KES 70.1Bn. The loan to deposit ratio declined to 81.8% from 88.5% in the previous year
- **Customer deposits:** Deposits from customers grew by 8.3% to KES 47.5Bn faster than the 0.2% increase in loans following deposit mobilization and retail business scale. The deposits however resulted in a 41.0% rise in interest expenses.
- **Government Securities:** Investments in government securities recorded a significant jump by 75.3% to KES 17.0Bn.
- **Efficiency:** Cost to income ratio excluding provisions declined to 80.9% from 83.9% following cost optimization by the lender. However, operating expenses rose by 7.0% which is slower than the 9.9% growth in revenues.
- **Asset Quality:** The NPL ratio rose to 23.5% driven by the prevailing macro conditions in Kenya. The industry NPL went up to 16.4%. Provisions in the period grew by 17.8%.

I&M Group: BUY with a target price of KES 39.61

Share Data	
BIC	IMH KN
Recommendation	BUY
Last Price	30.10
Target Price	39.61
Upside (Excl. Div Yield)	31.59%
Market Cap (KES'Bn)	50.83
52- week high	39.00
52- week low	15.80

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

- **Profitability:** I&M Group Kenya released FY2024 results posting a **22%** increase in PAT to KES 15Bn attributable to a 31% to KES 37.5Bn in net interest income driven by 35.0% increase in interest income.
- **Balance Sheet Growth:** The bank's loans and advances fell by **7% y/y** to KES 287Bn primarily due to muted loan uptake in Kenya influenced by the challenging macro-economic conditions. Deposits from customers declined by **1%** to KES 412Bn primarily on the back of a strengthening Kenya Shilling.
- **Asset Quality:** Non-performing loans increased marginally by **0.4%** to **KES35Bn** primarily driven by prudence on asset quality. The NPL ratio worsened marginally to **11.01%** lower than the industry average of 16.40%. – reflective of deteriorating asset quality.
- **Efficiency:** Expenses were up 15% y/y to KES 31Bn to fund business growth and continued investments in digital capabilities along with brand development and workforce expansion. This underscores the bank's strategic shift toward **digital transformation** and **automation**, which has not only driven business expansion but also optimized cost structures.

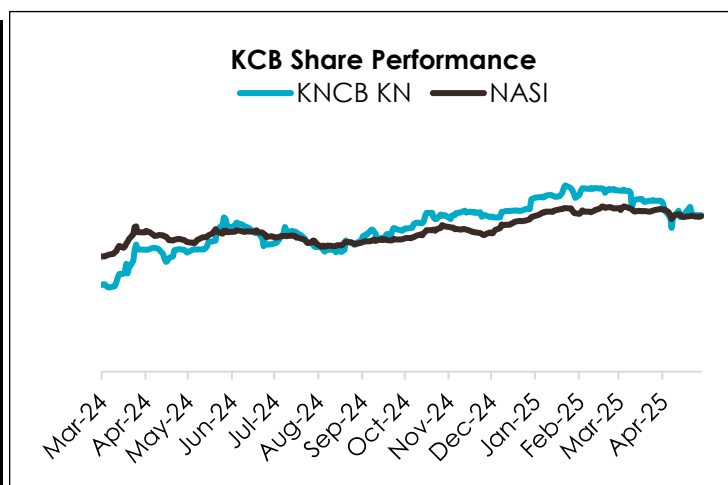
Outlook

The Bank continues to execute the proactive Imara 3.0 2024-2026 strategy anchored on accelerating growth in key segments and digitalization. Deposit mobilization is expected to be driven by an increased branch network.

Looking ahead, growth is expected to be driven by digital transformation and an expanding distribution network.

KCB Group: BUY with a target price of KES 53.03

Share Data	
BIC	KNCB KN
Recommendation	BUY
Last Price	38.45
Target Price	53.03
Upside (Excl. Div. Yield)	37.89%
Market Cap (KES'Bn)	123.56
52- week high	47.00
52- week low	15.00



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

- **Profitability:** KCB Group released its FY2024 results posting a **66.1%** increase in PAT to KES 60.1 Bn partly attributable to a 28.0% and 16.6% growth in net interest income and non-interest income, respectively.
- **Balance Sheet Growth:** The bank's loans and advances fell by **10% y/y** to KES 990Bn as contribution to net loans from regional subsidiaries dropped marginally to 30.8% from 32.5% in 2023. Deposits from banks and customers declined by 18% to KES 1.3Tr driven by the appreciation of the Kenyan shilling, ceding market share of G2G and de-consolidation of NBK.
- **Asset Quality:** NPLS expanded by **8.4%** Y/Y reaching **KES225.7Bn** primarily driven by KCB Kenya and NBK with corporate loans accounting for 22%, followed by manufacturing sector at 20%. The NPL ratio worsened to **18.6%** higher than the industry average of 16.40% – reflective of deteriorating asset quality.

Outlook

KCB'S wide regional footprint along with its well diversified portfolios of business and capital buffers position the lender to gain significant momentum in balance sheet growth across all its subsidiaries.

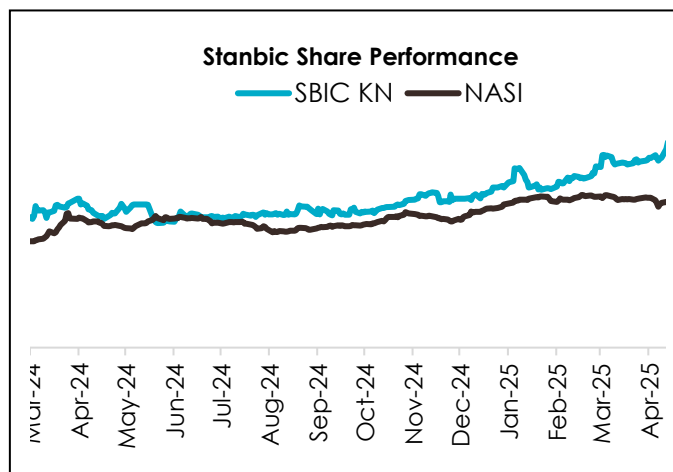
With a robust balance sheet of KES 1.96Tr and a strong focus on execution, KCB is poised to maintain strong foothold in East Africa's banking sector, driving innovation, growth, and sustainability.

We expect the bank to continue generating long-term profitability supported by an aggressive lending strategy, growing subsidiaries' performance, and regional diversification.

Stanbic Bank: NEUTRAL with a target price of KES 181.59

Share Data	
BIC	SBIC KN
Recommendation	NEUTRAL
Current Price	161.75
Target Price	174.50
Upside	4.06%
Market Cap (KES'Bn)	68.98
52 week high	179.00
52 week low	90.00

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

- **Profitability:** Stanbic Bank Kenya released its FY2024 results posting a **12.8%** growth in Profit after Tax for FY2024, despite a decline in both interest and non-interest income.
- **Balance Sheet Growth:** The bank's loans and advances dropped by 17.3% to KES 294.7Bn, leading to a 1.0% reduction in total assets. This was primarily driven by the strengthening of the Kenyan currency, which lowered the value of foreign currency-denominated loans, accounting for nearly 45% of the total loan book. Deposits from banks and customers declined by 2.4% to KES 339.0Bn but remained largely stable during the year despite the challenging business environment.
- **Asset Quality:** The lender's credit impairment charges dropped significantly by 50.3% to KES 3.1Bn. This reflects the bank's proactive credit risk management and foreign currency adjustments, given its exposure to foreign-denominated loans. As a result, non-performing loans (NPLs) improved by 0.4% points to **9.11%**, well below the industry average of **16.4%**.

Outlook

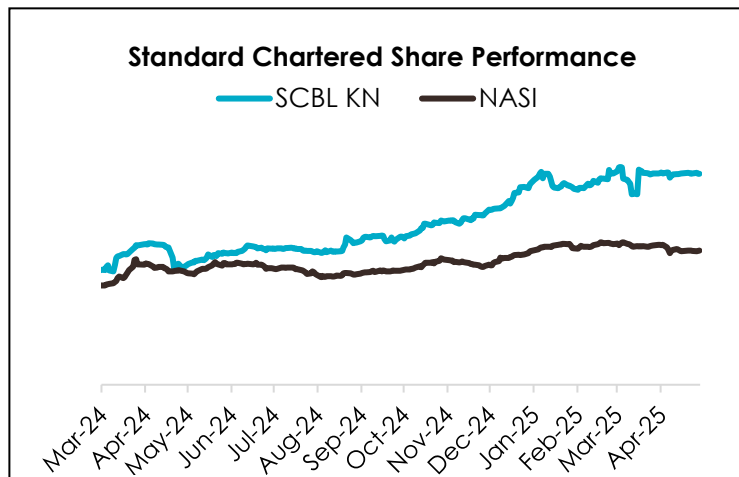
The lender's NPL ratio is commendable compared to an industry average of 16%. Proactive data driven risk analysis with credit risk pricing models in the mainstream loans will boost credit loss and cost of risk ratios.

Revenue diversification from regional subsidiaries such as South Sudan will continue to anchor the bank's profitability. Relatedly, Group synergies that enhance its forex offering together with continued digitization initiatives will support growth in non-interest income.

Standard Chartered Bank Kenya: NEUTRAL at a target price of KES 316.85

Share Data	
BIC	SCBK KN
Recommendation	NEUTRAL
Last Price	300.00
Target Price	316.85
Upside	5.62%
Market Cap (KES'Bn)	113.34
52 week high	315.0
52 week low	134.00

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

- **Profitability:** Standard Chartered released FY2024 results posting a **45%** increase in PAT to KES 20.6Bn partly attributable to a 13% and 40% growth in net interest income and non-interest income, respectively.
- **Balance Sheet Growth:** The bank's loans and advances fell by **7% y/y** to KES 151Bn. Foreign currency loans decreased 28% to KES 36.4Bn on reduced utilization and appreciation of KES versus USD. Deposits from customers declined by **13%** to KES 295.7Bn because of reduction in customer balances and foreign currency revaluation on the back of a strengthening Kenya Shilling.
- **Asset Quality:** Non-performing loans reduced by **29%** to **KES12Bn** primarily driven by recoveries and robust management of the loan book. The NPL ratio improved to **7.4%** lower than the industry average of 16.40%. The drop in NPL ratio reduced the bank's loan impairment losses on loans and advances by KES 1Bn reflecting continued improvement of the portfolio.

Outlook

Going forward the bank will leverage on technology to scale up mass retail business. The lender will continue to focus on executing its strategy and invest in areas of competitive strength such as their wealth management unit.

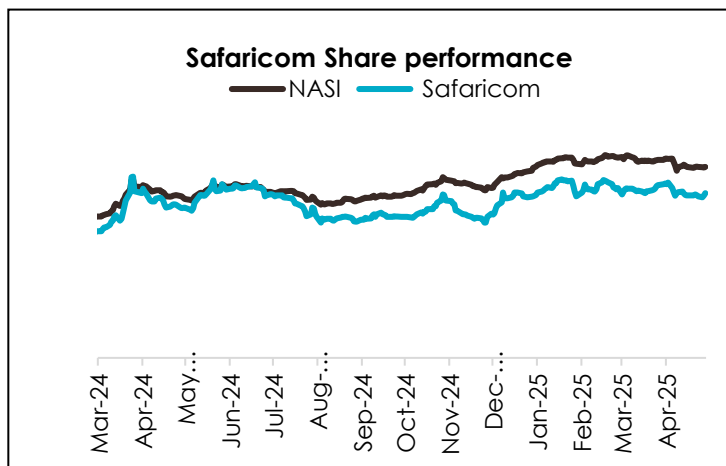
Standard Chartered aims to strengthen its cross-border capabilities and personalized wealth solutions with a continued focus on sustainability. The bank is committed to enhancing its digital proposition through end-to-end self-serve capabilities while investing in the upskills of its workforce. Additionally, it seeks to capitalize on growing interest from the Middle East, leveraging its strong network presence to drive expansion.

We expect the bank to register long-term profitability based on revenue diversification and steady topline growth.

Safaricom: BUY with a target price of KES 22.35

Share Data	
BIC	SAFCOM KN
Recommendation	BUY
Last Price	17.55
Target Price	22.35
Upside (Excl. Div Yield)	27.35%
Market Cap (KES'Bn)	703.15
52 week high	24.95
52 week low	11.50

Source: Bloomberg, NCBA IB Research, NSE


1H 2025 Financial Performance

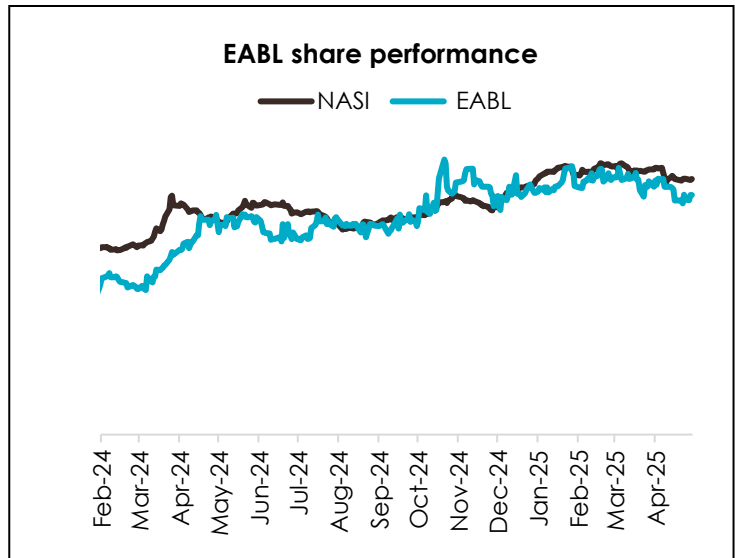
- **M-PESA was the key driver of growth:** Grew by 16.6% y/y to KES 77.22Bn driven by ongoing digital expansion and the heavy reliance on mobile financial services in Kenya. M-PESA now accounts for 43% of service revenue. We estimate M-pesa contribution at the end of FY25 will stand at ~44% of service revenue
- **Capital expenditure weighs down on the business:** Capex saw an increase of 93.1% to KES 96.1Bn driven by accelerated spending on investment in Ethiopia. Capex in Ethiopia was undertaken to support site & infrastructure installations.
- **Profitability:** For the Group declined by 63.2% to KES 10.01Bn attributable to increase in operating expenses and subdued performance in Ethiopia. Net income for Kenya, which includes the company performance and Kenyan based subsidiaries grew 14.1% y/y to KES 47.50Bn supported by robust performance across all service lines which was driven by sustained growth in customers and usage.

Outlook

We expect increased revenue from M-Pesa, and mobile data revenue streams. Operations in Ethiopia could help achieve revenue expansion above consensus and entrench the company's presence in the region. We however maintain a cautiously optimistic stance on this diversification venture.

East African Breweries: NEUTRAL with a target price of KES 182.78

Share Data	
BIC	EABL KN
Recommendation	NEUTRAL
Last Price	174.00
Target Price	182.78
Upside (Excl. Div Yield)	5.05%
Market Cap (KES'Bn)	137.59
52 week high	204.00
52 week low	100.00



Source: Bloomberg, NCBA IB Research, NSE

HY 2025 Financial Performance

- Profitability:** PAT increased by 19.6%, rebounding from the previous period's decline, driven by efficient cost management that offset inflationary pressures. Operational efficiencies and currency appreciation further contributed to revenue growth.
- Revenue:** Net sales increased by 2.1% to KES 67.9Bn, driven by 8% overall organic growth, excluding currency fluctuations with sales volume growing by 1%. The performance was supported by strategic pricing, an improved product mix, a strong portfolio, and innovation launches like *New Frontiers*.
- Regional subsidiaries support growth:** In Tanzania, organic sales grew by 16%, driven primarily by Serengeti Breweries' numerous innovations. In Uganda, sales increased by 3%, supported by demand for mainstream spirits and value beer.

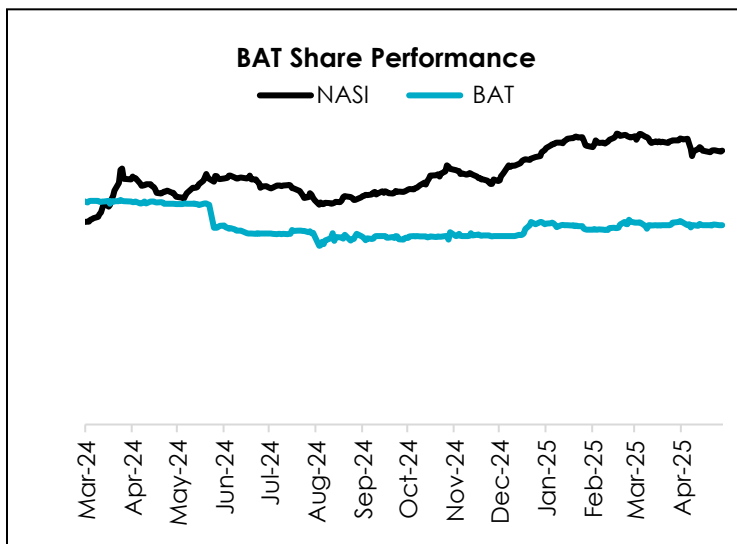
Meanwhile, sales in Kenya rose by 9%, benefiting from a stable regulatory environment and favorable excise conditions. Kenya remains EABL's largest revenue contributor, accounting for over 60% of total revenue, followed by Uganda and Tanzania.

Outlook

The challenging macro-economic environment continues to weigh heavily on the Brewer. The region's exposure to macroeconomic risks will continue to negatively impact on the company's earnings and our short to medium term financial forecasts. Relatedly, the company continues to suffer from a punitive tax policy that has impacted on their financing costs.

British American Tobacco: BUY with a target price of KES 493.57

Share Data	
BIC	BAT KN
Recommendation	BUY
Last Price	370.25
Target Price	493.57
Upside	33.31%
Market Cap (KES'Bn)	37.03
52 week high	495.00
52 week low	325.00



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

- **Profitability:** PAT declined by 19.5% to KES 4.5Bn, primarily due to higher finance costs and slower sales growth. This was driven by cost inflation, which increased operational expenses, lower consumer purchasing power, leading to downtrading toward lower-priced brands and supply disruptions of modern oral nicotine pouches
- **Cost of Operations:** Increased by 4.37% to KES 18.4BnBn attributable to higher input costs which were partially offset by cost savings from productivity initiatives, as well as lower sales volume.
- **Gross Sales & Net Revenue:** Gross sales, including indirect taxes, declined by 0.4% to KES 41.0Bn, while net revenue edged up by 0.6% to KES 25.7Bn. The marginal increase was driven by a strategic pricing benefit though this was partially offset by the impact of foreign exchange losses on the export sales
- **Dividend:** BAT Kenya maintained its total dividend per share at **KES 50** for FY2024, representing a dividend yield of **13%**

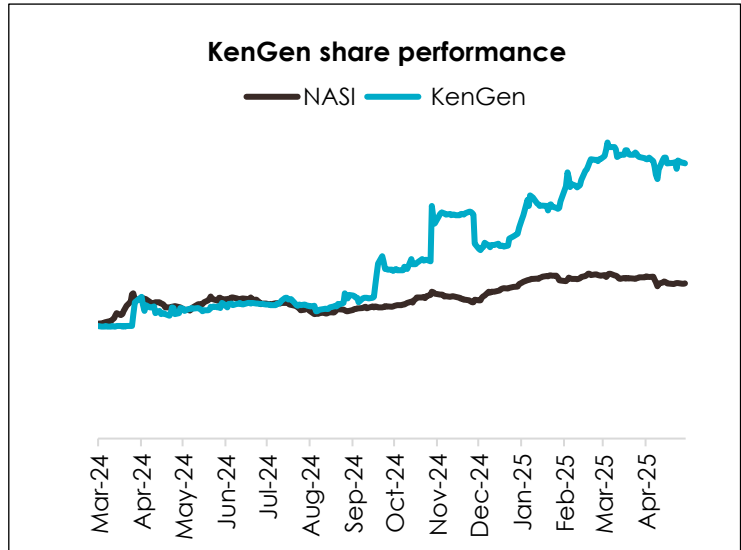
Outlook

The company remains focused on reducing the negative health impacts of its business by offering alternative innovative products, including tobacco-free oral nicotine pouches.

Its commitment to sustainably deliver shareholder value is expected to be delivered through geographical diversity, prudent execution of strategies, investment in world class human capital as well as incorporating effective business partners.

KenGen: Neutral with a target price of KES 5.22

Share Data	
BIC	KEGC KN
Recommendation	Neutral
Last Price	4.89
Target Price	5.22
Upside	6.75%
Market Cap (KES'Bn)	32.25
52- week high	5.40
52- week low	1.94



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

- **Revenue:** Net revenue increased by 5.3% to KES 48.3Bn from KES 45.8Bn y-o-y, driven by a strong growth in revenues from its geothermal and hydroelectric power plants.
- **Dividend:** Up 117% to KES 0.65 in 2024 from KES 0.30 y-o-y.
- **Profitability:** Reported a 35% surge in PAT to KES 6.8Bn from KES 5Bn.

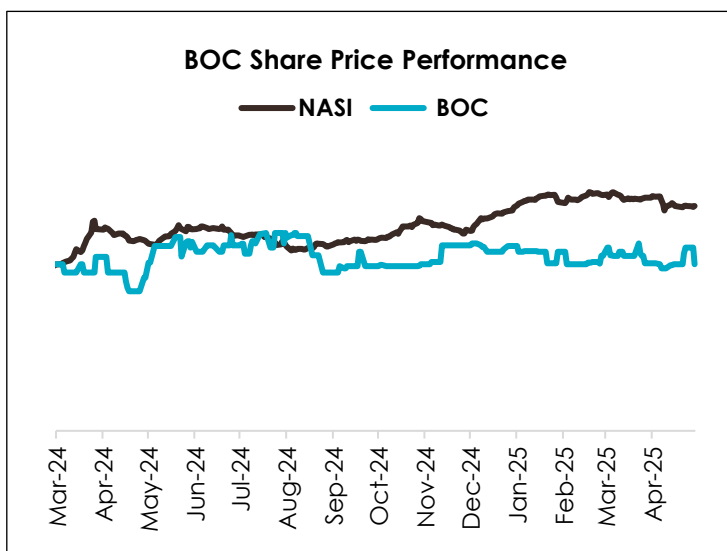
Outlook

We expect the business to have a positive outlook based on the following factors.

- **Capacity increase:** The rehabilitation of the Olkaria I geothermal power plant, aimed at giving it a new lease of life and increasing its capacity to 63MW, is progressing well. Additionally, the implementation of the Olkaria I Additional Units 4 and 5, along with the Olkaria IV Upgrading Project, has begun. This project aims to boost their combined capacity from the current 300MW to 340MW and is expected to be completed by December 2026.
- **Economic outlook and electricity demand:** We maintain a positive outlook as the national demand for clean electric energy continues to rise.
- Looking ahead, KenGen says it plans to focus on revenue diversification through projects such as the establishment of a Green Energy Park at Olkaria, which will provide industries with a platform to operate sustainably.

B.O.C Kenya: NEUTRAL with a target price of KES 90.06

Share Data	
BIC	BOCK KN
Recommendation	HOLD
Last Price	80.00
Target Price	90.06
Upside	12.58%
Market Cap (KES'Bn)	1.56
52- week high	95.00
52-week low	65.00



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

- BOC PLC announced their FY2024 results recording a 6.9% increase in PAT to KES 211.65Mn.
- Revenue declined by 21.7% to KES 1.2Bn due to completion of donor funded infrastructure projects in the health sector in 2023 which were not repeated in 2024 which included installation of medical oxygen tanks and medical gas pipelines in various hospitals. However, the performance was partially offset by the invoicing of medical oxygen plant in Q4.
- Operating Profit increased by 5% in the year due to continued cost management initiatives as well as reduction in operating expenses.
- The company announced a full year dividend of **KES 6.15** per share higher than KES 6.05 dividend per share paid in 2023.

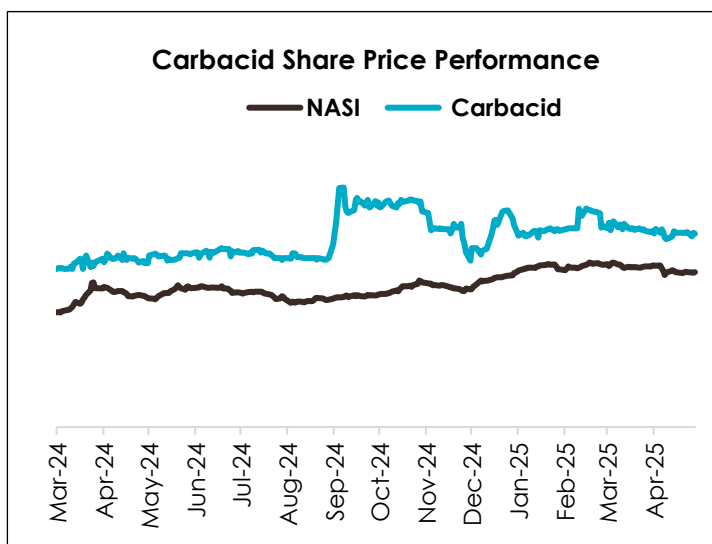
Outlook

Going forward, BOC's performance will be pegged on;

- Completion of the installation of further donor funded PSAs in H1 of 2025 to improve accessibility of oxygen to remote health facilities. The company also expects to increase the supply of bulk liquid oxygen to numerous public facilities in 2025.
- **BOC** is also focusing on growing its industrial gases footprint by engaging the manufacturing sector, agricultural and fabrication industries as well partnering with the key stakeholders.

Carbacid Investments Plc: NEUTRAL with a target price of KES 21.24

Share Data	
BIC	CBIL KN
Recommendation	NEUTRAL
Last Price	19.45
Target Price	21.24
Upside	14.65%
Market Cap (KES'Bn)	4.96
52- week high	23.90
52- week low	11.00



Source: Bloomberg, NCBA IB Research, NSE

HY 2025 Financial Performance.

Carbacid PLC announced their HY25 financial results recording a 13% decrease in profit after tax, largely attributed to a stronger shilling versus the US dollar and softer demand for carbon dioxide in various exports markets.

- **Turnover:** The company recorded a turnover of KES 940.6Mn, down from KES 1.08Bn, reflecting an 12% decrease primarily driven by a stronger shilling versus the US Dollar, given that major part of its business is in export markets. The decrease is also attributable to softer demand in various markets.
- **Profitability:** Profit after tax decreased by 10.35% to KES 434Mn from KES 485Mn recorded in 2024. Despite rising costs across the entire supply chain, gross margin improved due to reduced input costs, savings from solar installation and cost management initiatives.
- **Government securities:** The investment portfolio comprising government bonds, deposits, and shares in various listed entities, continued to grow and generate returns in line with coupons and market rates. As a result, Equity Investment were up 8.85% to KES 439.1Mn. There were gains on revaluation of equity investments due to the recovery of the NSE market leading to better valuations.

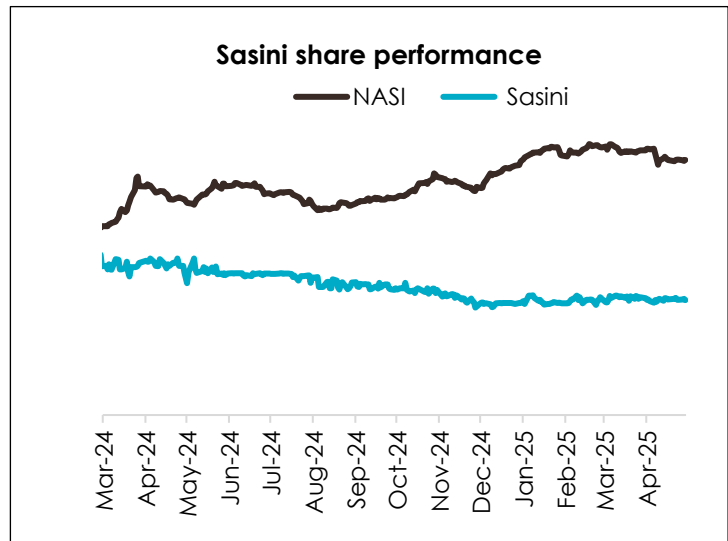
Outlook

Carbacid continues to focus on maintaining a flexible and adaptive business strategy, investing in innovation and technology, diversifying its customer base and geographic presence, and enhancing resilience in its supply chain and operations.

Additionally, staying abreast of regulatory developments and market trends will be crucial for anticipating and responding to changes in the business environment.

Sasini Plc: NEUTRAL with a target price of KES 18.10

Share Data	
BIC	STCL KN
Recommendation	NEUTRAL
Last Price	15.40
Target Price	18.10
Upside	17.53%
Market Cap (KES'Bn)	3.51
52- week high	32.60
52- week low	16.50



Source: Bloomberg, NCBA IB Research, NSE

HY 2024 Financial Performance

- **Revenue:** Revenue rose by 32.07% to KES 3.0Bn driven by increased production volumes, global coffee and tea prices supplemented by foreign exchange volatility.
- **Operating costs:** The cost of sales increased by 54.1% on account of volume and cost increases. The rising costs, particularly in coffee and green leaf purchases pose a risk to maintaining profit margins.
- **PAT:** Consequently, the Group reported a **loss** after tax for the period of KES 37.6Mn.

Outlook

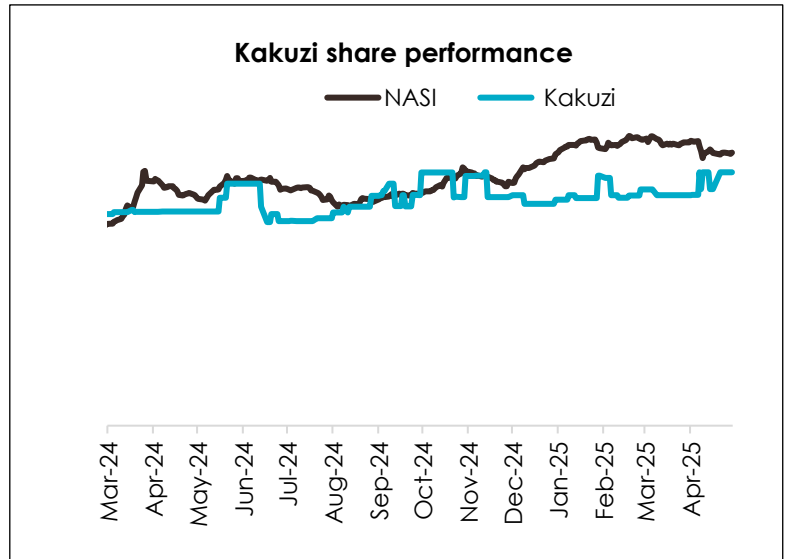
Sasini's diversified revenue streams have positioned the company for growth in the medium to long-term. We expect Sasini to deliver profitability based on its strategic focus on revenue diversification in high-margin segments such as avocado and macadamia.

Efforts in cost management, evidenced by the significant reduction in general charges and other operating expenses, alongside prudent financial management, indicate a promising outlook.

Challenges remain in fluctuations in revenue from key segments, i.e. tea and coffee which are impacted by weather conditions affecting production volumes. Global prices also portend risk due to periodic fluctuations.

Kakuzi Plc: SELL with a target price of KES 438.41

Share Data	
BIC	KKNZ
Recommendation	SELL
Last Price	440.0
Target Price	438.41
Upside	(0.36%)
Market Cap (KES'Bn)	8.62
52- week high	440.00
52- week low	240.00



Source: Bloomberg, NCBA IB Research, NSE

Kakuzi is set to deliver strong performance by expanding into high-margin products like macadamia oil, enhancing its domestic and international market reach. With strategic moves into India and Malaysia, and the successful launch of value-added offerings, Kakuzi is poised for resilient growth. A focus on sustainability and local supplier integration further strengthens its competitive edge.

Anticipated future cash flows from Kakuzi's development projects such as Macadamia nut production and commercial blueberry will boost its revenue levels.

Kakuzi is an ideal stock for investors with long-term investment horizons. Profits are expected fluctuate causing some volatility in the stock price since the industry is cyclical in nature.

To access the comprehensive report, please follow the link below:

[Kakuzi PLC Report](#)

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