

I&M GROUP PLC KENYA Q3 25 EARNINGS UPDATE

I&M Group Kenya released Q325 results posting a **29%** increase in PAT to KES 12Bn attributable to a 21% increase in net interest income and 18% increase in non-interest income to KES 32Bn and KES 11Bn respectively. **Earnings Per Share** rose to **KES 6.88** from KES 3.34 in the previous financial year.

As a result, the Board of Directors has recommended an interim dividend of KES 1.50 per share for the period up from KES 1.30 per share declared in Q324.

The Group remains on track to achieve its IMAR 3.0 targets, including return on equity above 20%, a customer base exceeding one million, and over 90% digital penetration by 2026. Execution on these fronts should support further re-rating of the franchise and entrench I&M's competitiveness in the regional banking landscape.

At the current market price of **KES 45.85**, the stock is trading below our **target price** of KES 48.86.

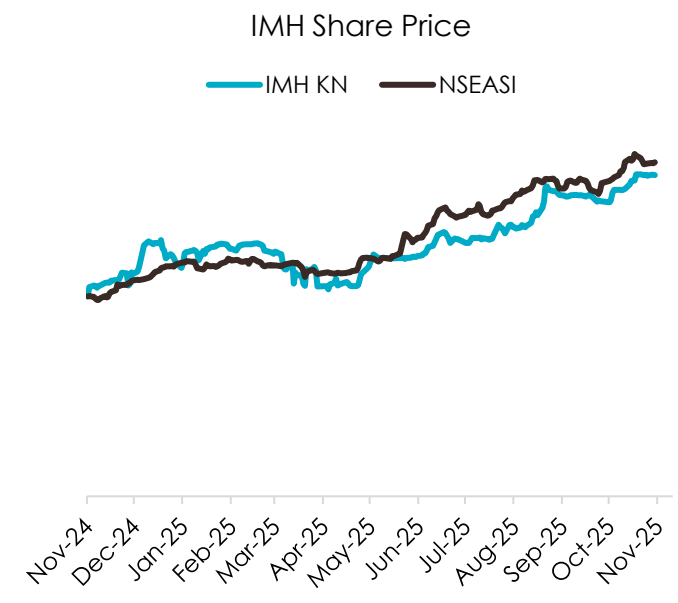
We recommend a **Neutral** on the stock with an upside of **7%** supported by resilient earnings, improving subsidiary contribution, disciplined risk management, and a well-capitalized balance sheet that underpins sustainable shareholder returns.

PERFORMANCE HIGHLIGHTS

- **Earnings:** The bank's net interest income grew by 21% to KES 32Bn, primarily driven by a 48% increase in interest income from gov't securities to close the quarter at KES 15Bn, partly offset by a decrease of 7% from interest income from loans which closed the quarter at KES 32Bn. The Bank continues to lead in customer acquisition with over 110,000 customers onboarded in 2025
- **Loan Book:** The bank's loans and advances increased marginally by **7%** to KES 302Bn. Gross non-performing loans (NPLs) declined 7.0% to KES 33Bn, reflecting improved asset quality.

Share Data	I&M
Ticker	IMH KN
Recommendation	Neutral
Current Price (KES)	45.90
Target Price (KES)	48.86
Upside (Inc. Div. Yield)	7%
52WK High (KES)	46.00
52WK Low (KES)	15.80
Market Cap (KES Bn)	79.78
Q3 Dividend	KES 1.50
P/E	6.66x
P/B	0.70x
current Price = VWAP as at 19 TH November 2025	

Source: Bloomberg, NSE, NCBA IB Research



Source: NSE, NCBA IB Research

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- **Efficiency:** The Group's operating expenses rose by 16% to KES 26Bn reflecting strategic investments in technology, talent, and branch 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. The group's digitally active customers increased by 4% to 86% in HY25.

- **Customer deposits:** Customer deposits closed the half year at KES 456Bn, representing a 10% growth compared to KES413Bn in the previous year. The growth is driven by growth in both CASA and term deposits.

Regionally, In Tanzania Customer deposits saw loans up 22%. The Bank has intensified mobilization efforts to support asset growth.

In Rwanda, Customer deposits growth by 28% largely supported by inflows from the corporate business.

In Uganda, deposit growth of 21% was driven by FCY deposits mobilization and inflows from corporate and retail clients.

Lastly, In Mauritius offshore personal and private banking remain the main drivers of growth in deposits which recorded a 27% increase reflecting resilience in a competitive market.

- **Asset Quality:** Non-performing loans decreased marginally by **7%** to **KES33Bn** primarily driven by prudence on asset quality. The NPL ratio improved to **9.90%** lower than the industry average of 17.6% – reflective of deteriorating asset quality. **Loan loss provisions** stood at KES 7Bn, up from KES 6Bn, as the Group maintained a disciplined approach to asset quality.

Overall, while Group NPL coverage remained robust, management signaled continued focus on tightening credit controls, proactive client engagement, and expanding use of digital collection tools to mitigate emerging risks.

- **Subsidiary Contribution:** Beyond Kenya, I&M Group's regional operations showed strong momentum in Q3 2025.

I&M Rwanda saw operating income up 5% and PBT rising 21%, with loans and deposits growing 28% and 20% (38% and 29% in local currency).

I&M Tanzania posted a 40% jump in operating income and 35% in operating profit, supported by recoveries and stronger net interest income, alongside 26% growth in total assets.

I&M Uganda's total assets rose 25% YoY to KES 46 billion, with loans and deposits up 21% each, despite a slight dip in operating income.

Meanwhile, Bank One Mauritius delivered a 4% increase in PBT (local currency), with total assets and customer deposits rising 27% and 32%, highlighting resilience in a competitive market.

- **Stable Balance Sheet:** Total assets grew by 12% to KES 640Bn with slow growth. The balance sheet across the subsidiaries remain strong, highly liquid and well capitalized. The bank also maintained a strong capital position, with a total capital ratio of 18% and a robust liquidity ratio of 38%, ensuring financial resilience.

Financial Summary

Q3 25 I&M Group PLC		I&M Group PLC	
	Key Metrics Y/Y		Key Ratios Y/Y
Loans and Advances	Up 7% to KES 302Bn	Loan Deposit ratio	Down to 66% from 68%
Customer Deposits	Up 10% to KES 456Bn	Net Interest Margin	Up to 5% from 4%
Government Securities	Up 81% to KES 164Bn	Cost to Income	Down to 45% from 47%
Net Interest Income	Up 21% to KES 32Bn	NPL Ratio	Down 9.90% from 11.25%
Non-Funded Income	Up 17% to KES 11Bn	Cost of Risk	Up to 2% from 1.95%
Forex trading income	Down 14% to KES 2Bn	Current Market Price as at 18/11/25	KES 45.85
Loan Loss Provisions	Up 22% to KES 7Bn	P/E	6.66x
PBT	Up 28% to KES 17Bn	P/B	0.70x
PAT	Up 29% to KES 12Bn	Dividend (Q3)	KES 1.5
EPS	Up to KES 6.88 from KES 3.34		<i>Source: Company financials, NCBA IB Research</i>

Outlook

We expect I&M record steady growth boosted by:

- Subsidiaries performance and contribution:** Regional subsidiaries continue to provide meaningful earnings diversification, contributing close to 23% of overall PBT. Kenya remains the anchor, but strong momentum in Rwanda and Uganda, supported by SME and retail growth, will drive incremental bottom-line contributions. The Group's Imara 3.0 (2024–2026) strategy emphasizes deeper regional transformation, positioning subsidiaries as engines of long-term growth.
- Digital transformation:** The Group's focus has been on investing in digital platforms to diversify revenue streams and scaling business opportunities. Digitalization has resulted in over 73% channel transactions, hence convenience to the client base.
- Segment expansion:** The bank continues to remain focused on developing leadership in their **core segments:** Corporate and commercial along with focus on building relevance in **asset finance, home loans, bancassurance, digital lending** and aim to develop and deepen leadership in **new target growth** areas in the oil and gas sector, public sector, China desk and leasing. The bank remains focused on building inroads into MSME and retail banking by offering innovative solutions. Branch expansion will cement this strategy.

Investment recommendation:

I&M Group, under its Imara 3.0 (2024–2026) strategy, is driving growth through digital transformation, regional expansion, and stronger SME and retail penetration. Backed by a robust risk management framework and strong capitalization (CAR 18.3%), the Group is well-positioned for sustainable growth. Subsidiaries contributed 29% of PBT, highlighting diversification, while digital channels now account for 73% of transactions, enhancing efficiency.

Our blended fair value estimate of **KES 48.86 per share** implies **7% upside** from the current **KES 45.85**. We therefore initiate with a **Neutral** recommendation, offering investors both capital gains potential and attractive dividend returns.

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