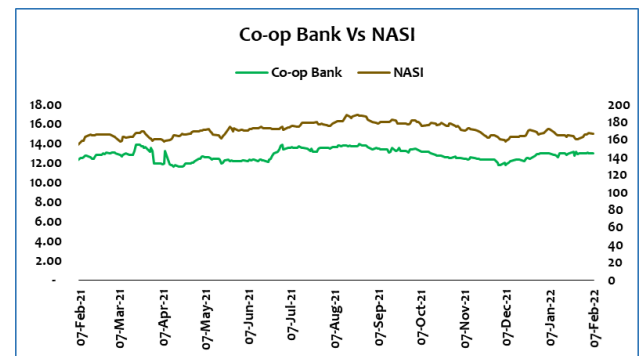


WEEKLY STOCK PICKS SELECTION – FEBRUARY 8TH 2022

Co-op Bank Group - Long-Term Buy: Currently trading at KES 12.95, having gained 4.4% in the last 3 months, the counter remains on a recovery mode to the pre-covid levels of above Kes. 15.00. The group saw a 21.6% growth on its top line, interest income in Q3-2021, signaling of a better performance on its expected its FY-2021.

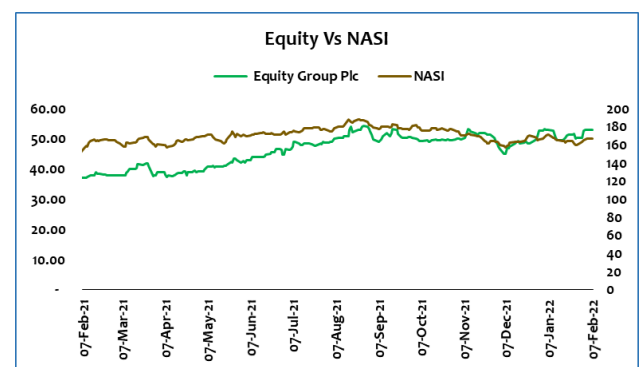
Counting on the counter's fundamental of rewarding its shareholders, we anticipate a dividend payment of at least KES 1.10 which is expected to drive its share price further up. This represents a dividend yield of 8.5% on the current counter's price. To gain on both dividend and the anticipated price recovery, we recommend an entry on the counter at the current price of KES 12.95.



Equity Group - Long-Term Buy: As the counter strengthens its muscles regionally, we foresee the counter to nearly double its profits before tax (PBT) in FY-2021 compared to that of FY-2020.

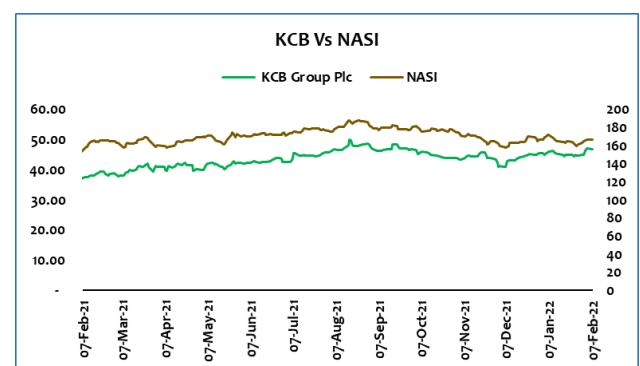
The lender's price jumped 47.2% to the current price of KES 53.00 after recording a high of KES 54.24 and a low of KES 36.00 in 2021. The counter has maintained a rising momentum on its regional penetration, acquisitions, and the recent approval to venture the insurance industry.

In line with this and as we fathom the lender to revert to the pre-covid levels of dividend issue of at least Kes. 2.50, we retain our BUY recommendation.



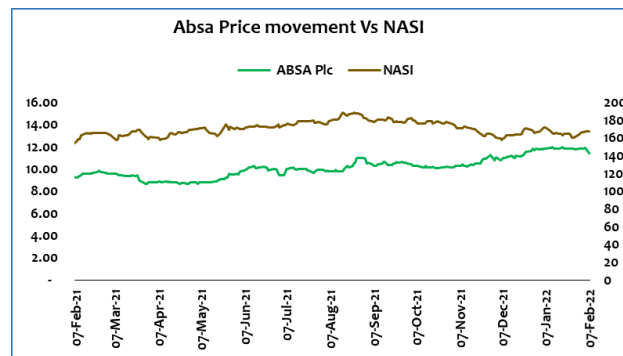
KCB Group - Long-Term Buy: The group recorded a high of KES 55.00 in 2020 and Kes. 49.90 in 2021 on recovery efforts from the ravages of covid-19. On betterment to the pre-covid levels, the lender has gained 23.0% Y/Y to the current price of KES 46.75.

On signs of superior returns, the lender issued a Q3-2021 interim dividend of KES 1.00 after it recorded a 131.1% growth in profits after tax (PAT) from KES 10.89Bn to KES 25.17Bn. In the awaited FY-2021 financials we expect the counter to issue a final dividend of KES 2.00 to rally its price to the pre-covid levels of above KES. 50.00 and therefore retain our BUY recommendation.



Absa - Long-Term Buy: Currently trading at KES 11.40, the lender has gained 21.3% Y/Y from that of KES 9.18 in Feb 2021. Its last 3-, 6- and 12-months average stood at KES 11.28, KES 10.80, and KES 10.06 respectively.

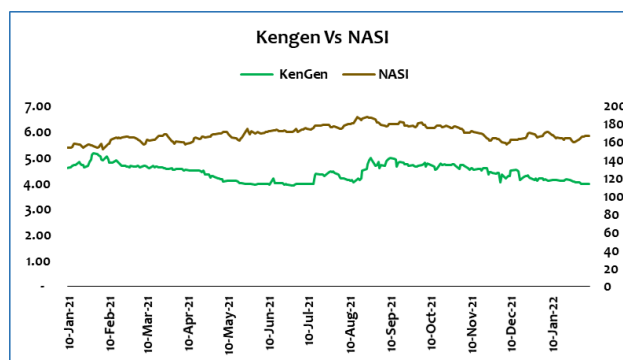
The bank recorded a 249.9% growth in Q3-2021 PBT from KES 3.39Bn to KES 11.86Bn. With the performance, we fathom a return to KES 1.00 dividend per share in the awaited FY-2021 results.



Kengen - Short-Term Buy: Currently trading at KES 3.99, the counter has shed 11.7% Y/Y and 13.4% in the last three months, paving way to a good entry for short-term investors.

The largest wind power producer in East Africa remains optimistic on price recovery on its competitiveness on international standard of operation and skewness to green energy.

Our target price is KES 4.45, an upside of 11.5% from the current price of Kes. 3.99.



Ongoing Corporate Action List

| DIVIDEND PAYMENT | | | | | | | |
|--|-------------|-------------------|--------------|--------------|--------|-----------------|------------|
| COUNTER | EVENT | ANNOUNCEMENT DATE | BOOK CLOSURE | PAYMENT DATE | AMOUNT | EPS | PAYOUT |
| EABL | I | 27-Jan-22 | 28-Feb-22 | 27-Apr-22 | 3.75 | 8.45 | 44.4% |
| Kengen | F&F | 1-Nov-21 | 16-Dec-21 | 10-Feb-22 | 0.30 | 0.18 | 166.7% |
| Car General | F&F | 6-Jan-22 | 25-Feb-22 | 24-Mar-22 | 3.20 | 22.30 | 14.3% |
| Sasin | F | 11-Jan-22 | 22-Feb-22 | 15-Mar-22 | 0.50 | 2.49 | 20.1% |
| F -Final, F&F - First and Final, SD - Special Dividend I - Interim, TBA- To be Advised | | | | | | | |
| BONUS PAYMENT | | | | | | | |
| COUNTER | EVENT | ANNOUNCEMENT DATE | BOOK CLOSURE | PAYMENT DATE | ISSUED | ISSUED AND PAID | SHARES |
| Car General | Bonus Share | 06-01-22 | 24-03-22 | 08-04-22 | 1:1 | 40,103,308 | 80,206,616 |

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Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
 - **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
 - **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
 - **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
 - **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.
- *Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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