

I&M EPS jumps 27.6%, Bank ups DPS to Kes 3.75, from Kes 3.00 in 2024—Take the Wins

I&M Group released its FY2025 results, and the numbers are impressive. The lender delivered double-digit profitability growth, supported by strong expansion in non-funded income and a notable decline in interest expenses. The loan book also grew, prompting higher provisioning, even as the bank increased allocation to lower-risk investments.

Profit before tax rose 22.4% to Kes. 24.18Bn, while earnings per share (EPS) increased 27.6% to Kes. 10.80, underscoring a strong bottom-line performance.

Shareholder returns improved, with dividend per share rising 25.0% to Kes. 3.75 from Kes. 3.00 in 2024, signaling confidence in earnings sustainability.

The counter has rallied strongly, outperforming the Nairobi All Share Index (NASI) across most timeframes, save for the y/y comparison.

We maintain a HOLD stance for recent entrants, while advising profit-taking for investors sitting on double-digit gains.

Recommendation: HOLD

Bloomberg Ticker: IMH KW

Share Stats

Current Price	49.90
3-Month Av	46.93
6 Month Av	45.52
12 Month Av	40.45
52 Week High	52.00
52 Week Low	15.80
Issued shares (Bn)	1.74
Market Cap (KES Bn)	86.83
Market Cap (USD Mn)	0.67
P/E	3.72
PB	0.64
EPS	11.40

Income Statement

Total Income: I&M bank delivered a strong earnings performance in FY2025, with total income rising 19.2% to Kes. 60.33Bn from Kes. 50.60Bn in FY2024, supported by growth in both funded and non-funded income streams.

Net interest income (NII) increased by 16.0% to Kes. 45.95Bn, driven primarily by a sharp decline in funding costs. Interest income declined marginally by 1.4% y/y to Kes. 69.19Bn, while interest expense fell significantly by 23.9% to Kes. 23.24Bn, underpinning margin expansion.

The increase in NII was supported by a 28.2% growth in interest from government securities to Kes 21.21Bn, from Kes 16.54Bn despite a 9.4% decline in interest from loans and advances to Kes 45.60Bn, from Kes 50.31Bn in 2024. This was complemented by a 24.0% decline in interest paid on deposits to Kes 19.28Bn, from Kes 25.37Bn in 2024.

Non-funded income (NFI) also recorded strong growth, rising 30.8% to Kes. 14.38Bn, on higher fees and commissions from other segments save for loans, coupled by a more than two-fold jump in other income.

Operating Expenses: Cost pressures remained elevated, with total operating expenses increasing 16.3% to Kes. 36.92Bn. Excluding loan loss provisions, operating costs rose 18.0% to Kes. 28.23Bn, while provisions increased by 11.2% to Kes. 8.69Bn, indicating continued but moderating credit risk buffers.

Subsidiary Contribution: Rwanda contributed the highest to the PBT, but the contribution dropped to 13% from 16% in 2024. Tanzania followed with a 5%, then Mauritius at 3% and lastly Uganda at 2%. The Kenyan subsidiary contributed 76%.

Periods	I&M Group	NASI
3mtd Price Δ(%ge)	18.39%	9.74%
6mtd Price Δ(%ge)	16.45%	13.90%
YTD Δ(%ge)	17.55%	8.54%
Y/Y Δ(%ge)	44.43%	56.24%

NII	16.02%
Provisions	11.15%
Opex	16.32%
Opex Excl. LLPs	18.02%
PBT	22.42%
PAT	24.47%
Loans	6.54%
Govt. Securities	55.53%
Shareholders' Funds	22.75%

Balance Sheet

Total Assets: The balance sheet expanded strongly, with total assets growing 15.2% to Kes. 668.88Bn from Kes. 580.90Bn in FY2024, supported by a 6.5% increase in loans and advances to Kes. 306.28Bn, as lending rates eased.

Investment in government securities rose sharply by 55.5% to Kes. 159.37Bn, pointing to increased allocation to relatively lower-risk assets. This is in line with the increased demand for treasury bills and bonds which can be attributed to lower credit uptake, cautious lending, or short-term borrowing.

Deposits: Customer deposits grew robustly by 17.4% to Kes. 483.94Bn, highlighting strong deposit mobilization. Borrowings declined by 21.3% to Kes. 11.07Bn, suggesting reduced reliance on external funding.

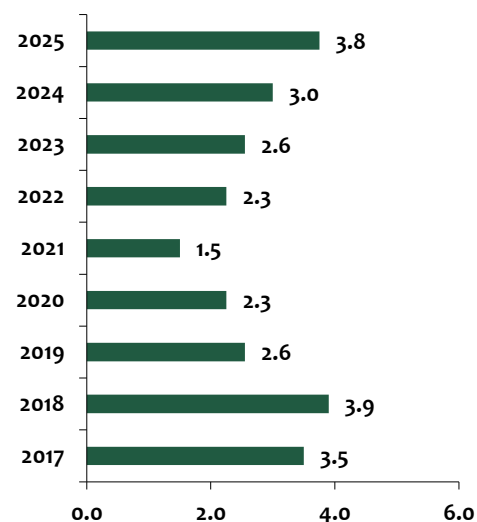
Shareholders' funds increased by 22.8% to Kes. 115.16Bn, supported by strong profitability and earnings retention. Overall, the balance sheet reflects a well-capitalized and liquidity-supported growth profile.

Asset quality: Asset quality improved, with the gross NPL ratio declining to 9.56% from 11.47%, as gross non-performing loans dropped by 11.5% to Kes 31.43Bn, from Kes 35.51Bn in 2024 amidst increasing gross loans (+6.2% to Kes 328.78Bn). The cost of risk also improved to 14.40% from 15.45%, reflecting easing provisioning pressures.

Key Ratios

- **Profitability strengthened**, with ROaE rising to 88.92% from 84.79%, and ROaA improving to 14.87% from 13.30%, supported by strong earnings growth.
- **Margins expanded**, with NIM increasing to 9.58% from 8.55%, driven by a significant decline in the cost of funds despite lower asset yields.
- **Efficiency improved**, with the cost-to-income ratio declining to 61.21% from 62.74%, and to 46.80% from 47.28% excluding provisions.
- **Income mix diversified**, with NFI contribution rising to 23.83% from 21.72%, while NII contribution moderated to 76.17% from 78.28%.
- **Funding costs declined**, with the cost of funds easing to 4.75% from 6.72%, offsetting a decline in yields on interest-earning assets to 14.42% from 15.14%.
- **Liquidity improved**, with the loan-to-deposit ratio declining to 63.29% from 69.75%, reflecting stronger deposit growth relative to lending.

Dividend History (Kes)



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Balance Sheet	FY'2024	FY'2025	%Δ Y-Y
Government Securities	102.47	159.37	55.53%
Loans and Advances	287.49	306.28	6.54%
Total Assets	580.90	668.88	15.15%
Customer Deposits	412.18	483.94	17.41%
Borrowing	14.07	11.07	-21.31%
Total Liabilities	479.98	546.90	13.94%
Shareholder's Funds	93.82	115.16	22.75%

Income Statement	FY'2024	FY'2025	%Δ Y-Y
Interest Income	70.15	69.19	-1.36%
Interest Expense	30.54	23.24	-23.91%
NII	39.61	45.95	16.02%
NFI	10.99	14.38	30.79%
Total Income	50.60	60.33	19.23%
Loan Loss provision	(7.82)	(8.69)	11.15%
Total Operating expenses	(31.74)	(36.92)	16.32%
Opex excl Provision	(23.92)	(28.23)	18.02%
PBT	15.94	19.84	24.47%
PAT	8.46	10.79	27.59%
EPS	3.00	3.75	25.00%
DPS	15.94	19.84	24.47%

Ratios	FY'2024	FY'2025	pp. Δ Y-Y
Yield from interest-earning assets	15.14%	14.42%	-0.72%
Cost of funds	6.72%	4.75%	-1.98%
Cost of risk	15.45%	14.40%	-1.05%
Net Interest Margin	8.55%	9.58%	1.03%
Net Interest Income as % of operating income	78.28%	76.17%	-2.11%
Non-Funded Income as a % of operating income	21.72%	23.83%	2.11%
Cost to Income Ratio	62.74%	61.21%	-1.53%
CIR without LLP	47.28%	46.80%	-0.48%
Cost to Assets	4.12%	4.22%	0.10%
NPL Ratio	11.47%	9.56%	-1.91%
Loan to Deposit Ratio	69.75%	63.29%	-6.46%
Return on average equity	84.79%	88.92%	4.13%
Return on average assets	13.30%	14.87%	1.57%

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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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