KINGDOM SECURITIES

Stock Picks

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Kenyan equities market started September 2026 on a strong bullish footing, with the market capitalization reaching a record Kes. 4.28 Trn, supported by strong banking sector performance and robust H1 2026 earnings. However, the market has since experienced some profit-taking, with key indices easing from their early-month highs. Against this backdrop, stock valuations remain elevated, favouring a selective and fundamentally driven investment approach. Below are our recommendations for the month of September 2026:

	Long-Term Buy
Safaricom Plc	• Safaricom remains our preferred long-term Buy, with a fair value estimate of Kes. 38.50, supported by its dominant, cash-generative Kenyan business, continued M-PESA monetization and strong growth prospects in Ethiopia. Ethiopia is scaling rapidly, with 90-day active customers up 54.2% and M-PESA customers more than doubling. Meanwhile, Kenya M-PESA revenue grew 13.4% YoY to Kes. 182.73Bn, reinforcing the Group's resilient earnings and cash-flow base. The introduction of an interim dividend in FY2026 further strengthens the shareholder-return proposition. • Going forward, continued customer and M-PESA penetration in Ethiopia, narrowing losses in the market, sustained M-PESA monetization in Kenya and strong cash generation provide key catalysts for earnings growth and further shareholder returns. • Safaricom's strong liquidity and market depth further enhance its appeal to institutional investors, allowing efficient entry and exit from positions.
Equity Group Plc	• Equity Group remains an attractive investment opportunity, supported by its strong financial performance, regional expansion, and continued digital transformation. Our fair value estimate is Kes. 105 per share. We issue a Buy recommendation, underpinned by the group's robust earnings growth and positive market momentum. • The group reported a 32.0% year-on-year increase in profit after tax to Kes. 45.50 Bn in H1 2026, supported by stronger lending income, a 36.0% increase in non-funded income, and improved contributions from its regional businesses. Total assets surpassed Kes. 2.16 Tn, while customer deposits grew by 21.0%, reflecting continued balance-sheet expansion. • Equity's improving NPL ratio in H1 2026 (9.5% from 13.7%) points to stronger credit quality alongside this growth, while digital transactions and regional operations continue to support efficiency and profitability. With sustained earnings

	expansion, a strengthening balance sheet, and positive investor sentiment, the group offers an attractive combination of growth potential and long-term strategic value.
NCBA Group Plc	• We issue a Buy recommendation for NCBA Group, supported by its robust financial performance, attractive shareholder returns, and significant corporate catalysts. Our fair value estimate is Kes. 94.20 per share. • The lender demonstrated strong growth, reporting a 12.2% year-on-year increase in PBT to Kes. 15.49 Bn in H1 2026, driven by a 15.1% expansion in total operating income and continued growth in digital lending volumes. • Additionally, the corporate landscape has been transformed by South Africa's Nedbank Group launching a major partial tender offer to acquire a 66% controlling stake in NCBA at an attractive implied premium. Combined with its strong dividend track record, including an increased interim dividend of Kes. 3.75 per share and a trailing dividend yield that outperforms industry peers, NCBA offers investors an attractive combination of income generation, robust asset quality, and strategic value potential.
I&M Group Plc	• We recommend a Buy for I&M Group, with a fair value estimate of Kes. 86.00 per share. Despite a 92.6% year-to-date rally to Kes. 81.75, the group continues to demonstrate strong financial performance, with H1 2026 PBT increasing by 15.0% to Kes. 10.16 Bn. Its regional operations also contribute nearly a quarter of group profit before tax. • The upcoming Q3 financial results in November provide a potential near-term catalyst. The group's progressive interim dividend policy, including a 15.4% increase in last year's Q3 interim dividend to Kes. 1.50 per share, may support investor interest ahead of the results announcement. • With 4.24% upside potential to our Kes. 86.00 fair value estimate, investors may consider accumulating the stock gradually over the coming weeks. This approach could position investors to benefit from potential capital appreciation and the expected interim dividend payment in January.
Hold	
KCB Group Plc	We recommend a hold on KCB Group, with a fair value estimate of Kes. 101.3 per share. The investment case remains supported by the bank's strong dividend profile, though the immediate tactical appeal is moderated following the recent interim book closure on September 2nd, meaning the market has already priced out the upcoming payout. Additionally, earnings remain resilient, supported by solid regional expansion and robust growth in non-funded income via digital channels, which should continue to provide a boost to profitability going forward.

Speculative Buy	
KenGen Plc	• KenGen is well positioned to benefit from Kenya's long-term energy transition, with geothermal providing reliable baseload power as hydropower increasingly serves a peaking role. FY2026 PBT remained resilient, declining 2.7% YoY to Kes. 15.1Bn, while increased capital investment of Kes. 15.5Bn resulted in a lower final DPS of Kes. 0.75. At the recent VWAP of Kes. 10.65 (September 8, 2026), the post-results pullback presents an attractive entry point for value-oriented investors. • We view the recent price pullback as a compelling entry opportunity, with investors positioned to earn a 7.04% gross dividend yield and potentially realize a capital gain if the stock recovers to its recent peak. Long-term growth is supported by planned investments, including the proposed 2,000MW nuclear project and 700MW hydropower development. KenGen's strategic position in Kenya's energy sector makes it an attractive defensive, infrastructure-backed opportunity for medium- to long-term investors, although the recommendation remains speculative given execution and capital-investment risks.

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