KINGDOM SECURITIES
A Subsidiary of the Co-operative Bank of Kenya Ltd

Week 43 – 2026 Watchlist

Week 43 2026 Strategy

Following another week of market weakness, we maintain a selective accumulation strategy, focusing on fundamentally strong counters where earnings, cash generation, balance-sheet quality and shareholder returns remain supportive. We continue to favour Safaricom, Co-operative Bank, KCB Group and EABL as our core long-term ideas. BAT Kenya remains attractive for income-focused investors given its strong dividend proposition, while NCBA Group remains on our watchlist as investors await completion of the Nedbank transaction, which could alter the counter's demand-supply dynamics once trading resumes. We continue to favour accumulating quality counters on weakness rather than chasing short-term market momentum.

Week 43 2026 at a Glance

Counter	View	Preferred Action/Entry	Conviction
Safaricom	Long-Term Buy	Kes. 33.00–35.00	High
Co-op Bank	Long-Term Buy	Kes. 35.00–36.50	High
KCB Group	Buy / Accumulate	Kes. 86.50–89.00	High
EABL	Buy / Accumulate	Kes. 269.00–275.00	High
BAT Kenya	Accumulate for Income	Kes. 530.00–560.00	Medium/High
Standard Chartered Bank	Watch for Entry	Monitor Pullbacks	Watchlist
NCBA Group	Watch and Prepare	Reassess Upon Resumption	Watchlist

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CORE LONG-TERM IDEAS

1. Safaricom | LONG-TERM BUY

Preferred entry: Kes. 33.00-35.00

Strategy: Accumulate on weakness

Catalysts: M-PESA monetisation | Ethiopia expansion | Dividend proposition| Strong cash generation

Risk: Slower subscriber growth and increased competition

Safaricom Safaricom remains our preferred telecommunications exposure following the strong recovery in FY2025 earnings and the increase in total dividends from Kes. 1.20 per share in FY2024 to Kes. 2.00 per share in

FY2025. The investment case continues to be supported by resilient cash generation, continued M-PESA growth and improving performance in Ethiopia. While the Ethiopian operation is still in its growth phase, operational improvements and subscriber expansion continue to strengthen the long-term regional growth story.

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2. Co-op Bank | LONG-TERM BUY

Preferred entry: Kes. 35.00-36.50

Strategy: Accumulate on weakness

Catalysts: Earnings growth | Strong dividend profile | Improving asset quality | Resilient business model

Risk: Slower credit growth and sector-wide re-rating risk

Co-op Bank remains one of our preferred banking-sector exposures due to its strong earnings trajectory, resilient business model and attractive shareholder-return profile. With Q3 2026 now concluded, investor attention is increasingly shifting towards a possible interim dividend declaration following the bank's historic first interim dividend payment last year. While dividend expectations may support demand for the stock ahead of the books closure date, we maintain a long-term view and do not believe short-term price movements should persuade investors to exit fundamentally strong positions for tactical gains.

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3. KCB Group | LONG-TERM BUY / ACCUMULATE

Preferred entry: Kes. 86.50–89.00

Strategy: Accumulate selectively

Catalysts: Strong regional franchise | Earnings growth | Capital strength | Dividend prospects

Risk: Regional macroeconomic pressures and credit quality deterioration

KCB remains attractive due to its diversified regional banking footprint, improving earnings profile and strong capital position. The Group continues to benefit from growing regional contributions and improved

operational efficiency. We maintain a constructive long-term view and continue to favour gradual accumulation around current levels.

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4. EABL | LONG-TERM BUY / ACCUMULATE

Preferred entry: Kes. 269.00 – 280.00

Strategy: Accumulate on price weakness

Catalysts: Strong FY2026 earnings | Higher dividend payout | Lower financing costs | Premiumisation strategy

Risk: Consumer-spending weakness and input-cost inflation

EABL remains one of our highest-conviction consumer counters following its strong FY2026 performance, enhanced shareholder distributions and improving profitability. The investment case is further supported by lower financing costs, stronger cash generation and a continued focus on premium brands. In addition, the planned ownership transition from Diageo to Asahi remains a key development to watch, with the potential to influence the company's future strategic direction and brand portfolio. We continue to view EABL as an attractive long-term consumer-sector exposure.

ACCUMULATION OPPORTUNITY

5. BAT Kenya | ACCUMULATE FOR INCOME AND STABILITY

Preferred entry: Kes. 530.00-560.00

Strategy: Income-focused accumulation

Catalysts: Strong dividend yield | Defensive earnings | Robust cash generation

Risk: Regulatory and excise tax changes

BAT Kenya remains one of the strongest dividend-paying counters on the NSE, currently offering an estimated dividend yield of approximately 12.5%. The company's strong cash-generation ability, defensive earnings profile

and long-track record of shareholder distributions continue to make it attractive for investors seeking stable income alongside moderate capital appreciation.

WATCHLIST

6. Standard Chartered Kenya | WATCH FOR ENTRY

Standard Chartered remains one of the highest-quality banking franchises on the NSE, supported by strong profitability, a premium customer base and attractive dividends. Despite the ongoing pension-related court settlement matter, the bank has demonstrated resilience and continues to offer one of the strongest income propositions within the banking sector. We would become more constructive on the counter at more attractive entry levels.

7. NCBA Group Plc | Watch and Prepare

Strategy: Monitor transaction completion and post-suspension price action.

NCBA remains one of the most fundamentally attractive banking counters on the NSE, supported by strong earnings growth, a diversified banking franchise and an attractive dividend profile. Investor attention remains focused on the ongoing acquisition by Nedbank Group Limited, which is expected to complete on or about 3 November 2026. Following completion, only approximately 34% of NCBA's shares are expected to remain available for trading on the NSE, potentially creating favourable demand-supply dynamics over the medium term. We will reassess the investment case once trading resumes and post-transaction price discovery is established.

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