

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

12th March 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	102.47	0.22	(1.12)
KES/GBP	132.72	0.77	0.16
KES/EUR	116.31	0.38	(2.59)

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	141.46	(4.85)	(14.99)
NSE-20	2,236.81	(3.23)	(15.73)
NSE-25	3,548.51	(3.97)	(13.46)
FTSE 15	191.83	(3.55)	(13.32)
FTSE 25	195.51	(4.68)	(14.81)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	21.10	22.25	25.06
Market Turnover (USD MN)	18.04	4.35	322.87
Foreign Buys (%)	29.67	53.83	51.12
Foreign Sales (%)	60.20	83.79	68.77
Foreign Participation (%)	44.94	68.81	59.94

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Standard Group	22.50	7.14	400
Unga Group Ltd	31.90	6.33	500
Stanlib Fahari I-REIT	8.40	4.74	13,200

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
N.B.V.	0.60	(9.09)	6,600
Sanlam Kenya	15.50	(8.82)	3,700
Kenya Re	2.49	(8.46)	5,011,100

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Safaricom	9.59	2.64	5.48	25.75	(7.54)
Equity Group	3.25	1.61	2.65	45.10	(4.25)
KCB Group	3.17	0.67	1.85	45.85	(5.76)
EA Breweries	1.38	0.43	0.82	192.25	(3.15)
Co-operative Bank	0.18	0.00	0.01	14.25	(2.40)

*Year-to-date refers to Market Capitalization as at 31st December 2019

CURRENCY PERFORMANCE-TSH, USH, RWF

	Close	1-day	y-t-d
KES/USH	36.22	(0.14)	(0.16)
KES/RWF	9.29	(0.22)	0.72
KES/TSH	22.47	(0.22)	0.89
USD/USH	3,712.01	0.08	(1.28)
USD/RWF	951.83	0.00	(0.39)
USD/TSH	2,303.01	(0.00)	(0.22)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI	1,689.48	0.84	(6.18)
USE LCI	341.68	-	(2.45)
RSE RSI	122.15	-	(1.01)
RSE RASI	150.21	-	10.79
DSE DSEI	2,012.70	-	(2.26)
DSE TSI	3,513.86	-	2.41

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	27.99	260.00	-
BLR	-	14.96	139.00	-
CTL	-	7.54	70.00	-
IMR	-	9.58	89.00	-

DSE **				
CRDB	169,113.47	7.56	170.00	0.00
NMB	647,622.61	104.12	2,340.00	0.00
TCC	3,782.11	756.42	17,000.00	0.00
TOL	2,135.78	26.70	600.00	0.00
TPCC	82,423.40	97.89	2,200.00	0.00

*Local Currency

**Trading data for the previous day.

UPCOMING EARNINGS

- Standard Chartered is scheduled to release its FY19 results on 19.03.2020

RESEARCH DEPARTMENT

research@dyerandblair.com

SALIENT NEWS

KCB Group FY19 Earnings (Consolidated with NBK)

KCB Group posted a 4.9% y-o-y growth in profit after tax (PAT) to KES 25.17 BN. Net interest income rose 15.0% y-o-y to KES 56.13 BN courtesy of a 12.2% y-o-y growth in interest income to KES 74.35 BN vis-à-vis a 4.4% y-o-y growth of interest expense to KES 18.22 BN. Non-interest income saw a 22.6% y-o-y upswing to KES 28.17 BN owing to a 39.4% y-o-y growth in fees and commission income to KES 19.85 BN. As a result, total income rose 17.4% y-o-y to KES 84.30 BN. Operating expenses (less loan loss provisions) went up by 10.0% to KES 38.52 BN. On the other hand, loan loss provisions went up 201.9% to KES 8.89 BN. The loan book saw a 17.4% y-o-y growth to KES 535.37 BN. On the funding side, the deposits saw a 27.7% y-o-y growth to KES 686.54 BN. Total NPLs saw a 90.4% y-o-y upswing to KES 54.41 BN. Loan loss provisions rose 99.7% y-o-y to KES 28.72 BN. NPL ratio increased to 10.9% (7.4% excl. NBK). Group's core and total capital ratios dropped by 90 bps and 50 bps y-o-y to 17.2% and 19.0% respectively, well above the respective statutory requirements of 10.5% and 14.5%. Earnings per share for the period edged up 3.6% y-o-y to close at KES 8.11. Dividends per share for the period remained constant at KES 3.50 (Final - KES 2.50). Book closure will be on 27 April 2020. *(Source: Company filings, DBIB Research)*

National Bank Kenya FY19 Earnings

NBK reported a loss after tax of KES 302.28 MN compared to a profit after tax of KES 7.01 MN in FY18. Net interest income rose 4.7% y-o-y to KES 6.31 BN owing to a 1.3% y-o-y growth in interest income to KES 9.03 BN and a 5.8% y-o-y decline in interest expense to KES 2.72 BN. Non-interest income went up 5.4% y-o-y to KES 2.10 courtesy of an 8.5% y-o-y growth in fees and commission income to 1.33 BN. As a result, total income rose 4.9% y-o-y to KES 8.02 BN. Operating expenses (less loan loss provisions) dropped by 2.6% y-o-y to KES 7.18 BN. However, loan loss provisions edged up by 972.2% y-o-y to KES 1.98 BN. As a result, the group reported a loss before tax of KES 895.06 MN. Customer deposits contracted by 12.1% y-o-y to KES 86.93 BN whilst the loan book contracted by 4.0% y-o-y to KES 45.87 BN. Total NPLs declined by 23.5% y-o-y to KES 20.65 BN. Consequently, loan loss provisions declined by 23.5% y-o-y to KES 10.37 BN. *(Source: Company filings, DBIB Research)*

Co-operative Bank to acquire Jamii Bora Bank

Co-operative Bank has conveyed its interest of acquiring 100% shareholding of Jamii Bora Bank Ltd (JBB) subject to regulatory approvals. As at December 2019, Co-operative Bank ranked 4th in terms of market share (9.6%) whereas Jamii Bora ranked 38th out of the 39 banks present in the country with a market share of 0.1%. Co-op bank has an asset base of over KES 450.0 BN whereas Jamii Bora has an asset base of circa KES 12.5 BN. Management believes that the acquisition will strengthen both institutions leveraging on the retail business, domestic and regional corporate public sector and the 15.0 MN member co-operative movement.

This was an expected move from Co-op due the increased stakeholder visibility of its peers i.e. KCB (NBK acquisition), Equity (Congo acquisitions), NCBA (CBK-NBK merger) and the Barclays to ABSA transition. In the medium to long term, we expect to see more M&A activity in the banking sector, especially in the Tier 1 space, as the banks pursue inorganic growth. *(Source: Company filings, DBIB Research)*
