

# DYER & BLAIR INVESTMENT BANK

## DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

22<sup>nd</sup> May 2020



DYER & BLAIR  
INVESTMENT BANK

WE KNOW. YOU KNOW.

### CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	106.97	(0.07)	(5.56)
KES/GBP	130.80	0.23	1.61
KES/EUR	117.55	(0.35)	(3.69)

### KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	140.39	1.25	(15.64)
NSE-20	2,014.88	0.54	(24.09)
NSE-25	3,279.67	0.96	(20.02)
FTSE 15	173.66	0.71	(21.53)
FTSE 25	185.19	1.20	(19.30)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	20.06	19.81	25.06
Market Turnover (USD MN)	5.94	5.48	659.00
Foreign Buys (%)	44.58	33.84	49.78
Foreign Sales (%)	79.10	92.93	77.22
Foreign Participation (%)	61.84	63.38	63.50

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Kenya Airways	3.15	9.76	831,500
Stanlib Fahari I-REIT	6.60	9.63	200
Nairobi Business Ventures	0.60	9.09	1,300

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Kakuzi	320.50	(9.72)	4,900
N.S.E	8.02	(5.65)	167,700
The Limuru Tea	385.00	(3.75)	100

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
KCB Group	2.93	0.51	2.91	36.30	0.83
Safaricom	1.66	1.66	0.59	29.35	1.91
Equity Group	0.89	0.23	0.88	36.15	0.56
E.A Breweries	0.18	0.16	0.16	162.75	0.93
ABSA Bank	0.14	-	-	10.35	0.49

\*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	35.43	0.03	2.03
KES/RWF	8.91	0.07	4.72
KES/TSH	21.64	0.07	4.56
USD/USH	3,790.01	0.03	(3.41)
USD/RWF	953.53	0.07	(0.57)
USD/TSH	2,315.01	0.07	(0.74)

### EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI	1,371.44	(1.31)	(23.84)
USE LCI	340.40	-	(2.81)
RSE RSI	122.00	-	(1.13)
RSE RASI	150.19	-	10.78
DSE DSEI	1,817.79	(0.13)	(11.72)
DSE TSI	3,492.10	-	1.78

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	29.17	260.00	-
BLR	-	15.48	138.00	-
CTL	10,208.66	7.85	70.00	-
IMR	-	10.10	90.00	-

DSE **				
TPCC	20,331.03	101.66	2,200.00	-
SWIS	82,895.14	60.07	1,300.00	-
NICO	3,049.65	7.62	165.00	-

\*Local Currency

\*\*Trading data for the previous day.

RESEARCH DEPARTMENT

[research@dyerandblair.com](mailto:research@dyerandblair.com)

---

## SALIENT NEWS

### DTB Group: 1Q20 Earnings

DTB Group announced its 1Q20 results reporting a 3.7% y-o-y increase in profit after tax (PAT) to KES 2.0 BN. Earnings per share (EPS) for the period closed at KES 6.83 compared to KES 6.55 in 1Q19.

**Net interest income** rose 2.9% y-o-y to KES 4.7 BN following a 9.0% y-o-y decline in interest expense to KES 3.3 BN. Interest income saw a 2.4% y-o-y decline to KES 8.0 BN. Non-funded income (NFI) rose 3.4% y-o-y to KES 1.6 BN, ascribable to a 9.6% y-o-y increase in fees and commission income to KES 0.9 BN. Net income from forex dealings declined 13.1% y-o-y to KES 0.6 BN.

**Operating expenses (less loan provisions)** rose 0.9% y-o-y to KES 2.9 BN courtesy of a 10.4% y-o-y increase in staff costs to KES 1.2 BN. Other operating expenses declined by 7.2% y-o-y to KES 1.2 BN.

**The bank's loan loss provision expense** saw a 52.0% y-o-y upswing to KES 408.1 MN. An increase in the cost of risk in 2Q20 is inevitable across the sector given the need to provide for the restructured loans that will instantaneously move from stage 1 to stage 2 loans as dictated by IFRS 9. As of mid-May 2020, DTB Kenya had restructured circa 20.2% of its loan book.

**Customer loans and advances** saw a 6.7% y-o-y increase to KES 201.3 BN (+1.1% q-o-q). The group's investments in government securities rose 1.9% y-o-y to KES 128.2 BN (-3.2% q-o-q). On the funding side, customer deposits declined 0.9% y-o-y to KES 272.8 BN (-2.6% q-o-q). Deposits due to other banks rose 82.6% y-o-y to KES 23.3 BN (+4.0% q-o-q) whilst borrowed funds rose 20.3% y-o-y to 15.1 BN (+32.6 q-o-q).

**Gross non-performing loans (NPLs)** rose 15.7% y-o-y to KES 16.6 BN whereas interest in expense rose 26.3% y-o-y to KES 2.5 BN. As such, total NPLs stood at KES 14.1 BN, 14.0% up y-o-y. The NPL ratio edged up 55 bps y-o-y to 7.6%.

**On a trailing basis**, DTB Group is trading at a P/E multiple of 2.7x and a P/B multiple of 0.3x, below the respective sector medians of 4.8x and 0.8x respectively. Its ROE stands at 11.0%, below the sector median of 16.7% whereas its ROA stands at 1.9% below the sector median of 2.4%. Currently, its dividend yield stands at 3.8%, below the sector median of 7.4%. (*Source: Company filings, DBIB Research*).