



KENYA EQUITIES: INDICES & MARKET METRICS MOVEMENT

Index	0 wk	1 wk	1 m	3 m	6 m	12 m	Y-T-D
NASI	154.84	(0.01)	0.03	0.03	0.06	0.07	0.10
NSE-20	2,618.75	(0.01)	0.05	0.06	(0.01)	(0.05)	(0.08)
DBIB Select	86.72	(0.01)	0.02	0.01	0.03	0.07	0.01
FTSE 15	214.38	0.03	0.12	0.16	0.19	0.49	0.24
FTSE 25	3,842.81	16.90	0.06	18.60	19.40	20.69	20.74
FTSE Frontier 50	42,973.38	(0.01)	(1.00)	(0.02)	(0.04)	(0.07)	(0.01)

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	0 wk	1 wk	1 m	3 m	6 m	12 m
Market Cap. (USD m)	2,363.10	(0.01)	0.03	0.03	0.07	0.11
Market Turnover (USD m)	24.92	(0.06)	(0.36)	(0.16)	0.00	0.52
Market P/E (x)	13.20	(0.02)	(0.07)	(0.08)	(0.03)	(0.08)
Market Div. yld (%)	6.03	4.41	(19.33)	(17.16)	(36.64)	106.25
Market ROE (%)	44.48	(8.31)	900.94	807.25	715.82	793.18

(Source: NSE, DBIB Research)

KENYA FIXED INCOME: YIELDS & MARKET METRICS MOVEMENT

	0 wk	1 wk	1 m	3 m	6 m	12 m
FTSE Bond Index	98.02	-	(0.00)	(0.00)	0.01	0.03
Market Turnover (USD m)	71.70	(0.49)	1.68	0.03	(0.36)	(0.27)
91-day T-Bill (%)	6.39	(29.00)	(3.40)	(0.80)	(69.50)	(95.20)
5 year rate (%)	11.15	37.50	92.50	118.37	45.00	(46.00)
Interbank Lending (%)	4.32	135.00	(244.00)	83.00	(117.00)	(115.00)

(Source: CBK, NSE)

KENYA MACRO METRICS MOVEMENT

	0 wk	1 wk	1m	3m	6m	12m
KES/USD	101.36	0.01	0.01	(0.00)	(0.02)	0.01
KES/GBP	131.33	(0.00)	0.01	(0.05)	0.02	0.03
KES/EUR	112.34	(0.00)	0.02	(0.00)	(0.01)	0.03
FX reserve: Import Cover	5.44	(0.15)	(0.15)	(0.43)	0.36	0.12
Inflation	4.95	-	-	(5)	(54)	(63)
CBR	9.00	-	-	-	-	-

(Source: CBK, NSE)

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RESEARCH DEPARTMENT

EDWIN CHUI

Head of Research

FAITH MWISYWA

EBBY WACHIRA

MARY MUKURIA

CYNTHIA WAMBUI

BHAVIKA BABLA

research@dyerandblair.com

IN THIS WEEK'S ISSUE...

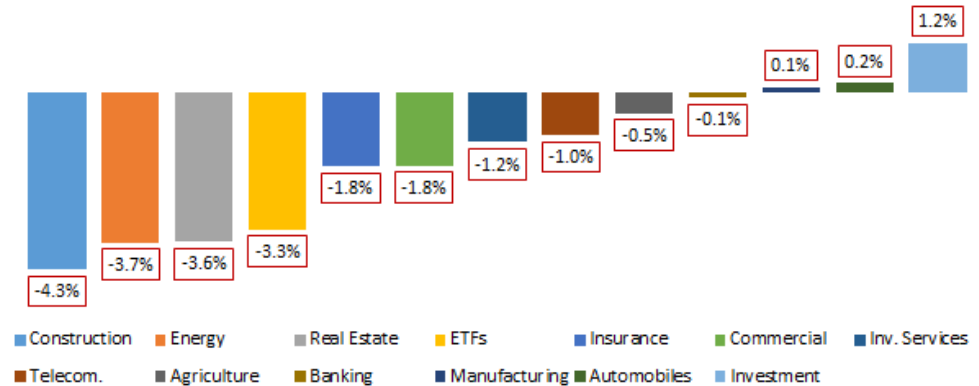
EQUITY MARKET SUM UP

Weekly equity turnover declined 6.0% w-o-w to close at USD 24.92 MN (KES 2.53 BN).

Weekly equity turnover declined 6.0% w-o-w to close at USD 24.92 MN (KES 2.53 BN). Both NSE 20 and NASI indices dropped 1.3% and 0.7% w-o-w to close at 2,618.75 and 154.84 respectively. Below is a graphical snapshot of the w-o-w performance of the various sectors.

SECTORAL W-O-W PERFORMANCE

Both **NSE 20** and **NASI** indices dropped 1.3% and 0.7% w-o-w to close at 2,618.75 and 154.84 respectively.



Source: NSE, DBIB Research

Week-on-Week Performance

Top gainers	%	Top Losers	%	Top Traders	USD m
Home Afrika	13.0	Kenya Airways	(10.5)	Safaricom	9.06
Sameer Africa	11.9	Bamburi	(9.7)	Equity Group	5.25
Unga Group	9.8	Eaagads	(9.6)	B.A.T.(K)	3.35
Nation Media	6.1	Umeme	(9.4)	E.A.B.L. (K)	2.52
Kakuzi	4.5	Olympia Capital	(8.6)	K.C.B. Group	2.36

(Source: NSE, DBIB Research)

Y-T-D Performance

Top gainers	%	Top Losers	%
Sameer	117.8	Kenya Airways	(70.2)
Longhorn	53.1	Uchumi	(60.0)
Express Kenya	40.0	Mumias Sugar	(53.4)
Equity Group	39.6	Nation Media	(41.8)
K.C.B. Group	31.0	Bamburi Cement	(38.9)

(Source: NSE, DBIB Research)

Weekly Foreign Performance

Top Weekly Buys	% Purchase	Top Weekly Sales	% Sold
Trans-Century	99.1	B.A.T.(K)	99.8
Bamburi	98.2	Trans-Century	99.2
Stanbic Bank	90.6	Bamburi	98.8
Equity Bank	90.4	Safaricom	89.2
N.S.E	86.0	E.A.B.L. (K)	84.8

(Source: NSE, DBIB Research)

Y-T-D Foreign Performance

Top Foreign Buys	% Purchase	Top Foreign Sales	% Sold
Bank of Kigali	99.9	Bank of Kigali	100.0
B.A.T.(K)	96.7	Kakuzi	93.8
Umeme	95.8	B.A.T. (K)	91.6
Crown Paints	91.5	Trans-Century	88.3
Trans-Century	87.9	Jubilee Ins	78.3

(Source: NSE, DBIB Research)

FROM THE FIXED INCOME DESK

The **Bond market's turnover** stood at USD 71.70 MN (KES 7.27 BN) representing a 49.3% w-o-w decline from USD 141.44 MN (KES 14.4 BN) recorded during the previous week.

The Bond market's turnover stood at USD 71.70 MN (KES 7.27 BN) representing a 49.3% w-o-w decline from USD 141.44 MN (KES 14.4 BN) recorded during the previous week. The infrastructure bond, issue number IFB1/2019/16yr emerged the most traded bond of the week with 82 trades and a turnover of KES 2.1 BN. This represented 28.3% of the week's total turnover. The bond traded between 11.0131% and 12.3000%.

November FXD4/2019/10YR RESULTS

The government received KES 38.4 BN from its issue of FXD4/2019/10YR against an offered KES 50.00 BN placing the performance rate at 76.8%. The government accepted KES 28.4 BN. The weighted average rate of accepted bids stands at 12.280% while the market weighted average stood at 12.464%. The coupon rate was market determined as per the bond's prospectus thus closing at 12.280%.

Top Trades for the Week ending 22 November 2019.

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(%)	(KES m)
22-Nov	FXD1/2012/15Yr	8	11.000	11.056	101.70	910.0
18-Nov	IFB 1/2019/16Yr	16	11.750	11.850	100.00	414.0
21-Nov	FXD3/2019/15Yr	15	12.340	12.328	103.94	400.9
22-Nov	FXD 3/2019/10Yr	10	11.517	11.523	102.93	380.0
22-Nov	FXD1/2019/15Yr	14	12.857	12.275	107.92	339.5
21-Nov	FXD2/2019/15Yr	14	12.734	12.306	103.20	312.7
18-Nov	IFB 1/2015/12Yr	7	11.000	10.750	102.38	304.9
18-Nov	FXD 1/2017/ 5Yr	3	12.465	10.184	108.22	300.0
21-Nov	IFB 1/2019/16Yr	16	11.750	11.900	99.77	300.0
21-Nov	IFB 1/2019/16Yr	16	11.750	11.800	100.43	300.0
18-Nov	IFB 1/2019/16Yr	16	11.750	11.900	99.68	213.0
18-Nov	IFB 1/2019/16Yr	16	11.750	11.800	100.33	200.0
19-Nov	IFB 1/2018/15Yr	13	12.500	11.550	109.63	172.0
22-Nov	FXD3/2019/15Yr	15	12.340	12.333	103.94	130.2

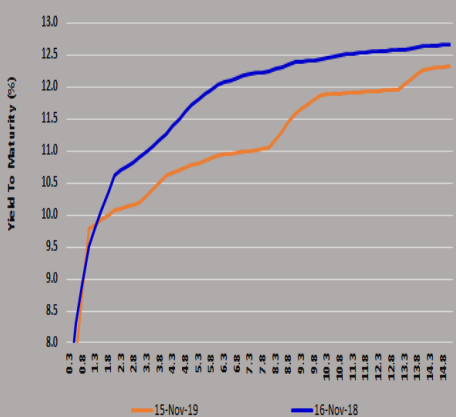
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 22 November 2019.

Instrument	Amount Bids Received (KES Bn)	Subscription (KES Bn)	Bids Accepted Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.0	3.714	92.9	3.714	7.131	4.5
182-day	10.0	3.847	38.5	3.368	8.215	4.4
364-day	10.0	5.923	59.2	4.842	9.804	0.2

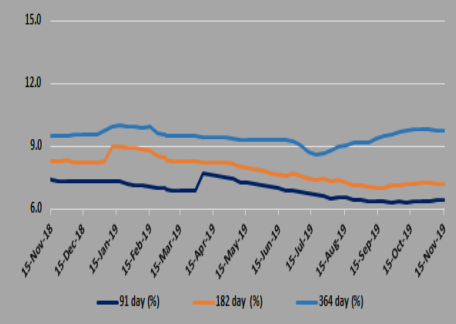
(Source: NSE, DBIB Research)

Kenya: Govt Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

EAC MARKETS SNAPSHOT

Rwanda: The RSE RSI and RSE RASI remained constant w-o-w to close at 124.53 and 135.77 respectively.

Tanzania: The DSE DSEI edged up by 0.5% w-o-w to close at 2,051.68 whereas DSE TSI held constant w-o-w to close at 3,431.28.

Uganda: The USE ALSI and LSI rose 1.6% and 1.0% w-o-w to close at 1,762.64 and 354.94 respectively

Rwanda: The RSE RSI and RSE RASI remained constant w-o-w to close at 124.53 and 135.77 respectively. Total weekly turnover stood at RWF 252,000, 134.2% up from RWF 107,600 as recorded the previous week.

Tanzania: The DSE DSEI edged up by 0.5% w-o-w to close at 2,051.68 whereas DSE TSI held constant w-o-w to close at 3,431.28. Weekly turnover stood TZS 2.7 BN compared to TZS 2.5 BN recorded the previous week.

Uganda: The USE ALSI and LSI rose 1.6% and 1.0% w-o-w to close at 1,762.64 and 354.94 respectively.

	Week's High (L.C)	Week's Low(L.C)	Current Price (L.C)	Price (KES)	w-o-w change %	y-t-d change %	Turnover (L.C MN)	Turnover (KES MN)
Rwanda Stock Exchange (RSE)								
Bank of Kigali	269	269	269	29.23	0.0	(3.2)	-	-
Bralirwa	139	139	139	15.10	0.0	(7.3)	-	-
Cyrstal Telecom Ltd	70	70	70	7.61	0.0	34.6	0.25	0.03
I&M Rwanda	90	90	90	9.78	0.0	(1.1)	-	-
Dar Es Salaam Stock Exchange (DSE)								
African Barrick Gold (ACA)	6,650	6,650	6,650	292.68	0.0	25.0	-	-
CRDB Bank	95	95	95	4.18	0.0	(34.5)	2,692.70	118.51
Dar Es Salaam Community Bank (DCB)	295	295	295	12.98	0.0	(13.2)	1.22	0.05
DSE	1,000	1,000	1,000	44.01	0.0	(31.5)	0.20	0.01
Maendeleo (MBP)	490	490	490	21.57	0.0	(2.0)	-	-
National Microfinance Bank (NMB)	2,340	2,340	2,340	102.99	0.0	18.2	-	-
Precision Air Services (PAL)	400	400	400	17.61	0.0	0.0	-	-
Swissport Tanzania (SWIS)	1,600	1,600	1,600	70.42	0.0	(31.6)	-	-
Tanzania Breweries (TBL)	10,900	10,900	10,900	479.74	0.0	(15.5)	2.71	0.12
Tanga Cement Company (TCCL)	600	600	600	26.41	0.0	(6.3)	-	-
Tanzania Cigarette Company (TCC)	17,000	17,000	17,000	748.22	0.0	0.0	-	-
Tanzania Portland Cement (TPCC)	2,000	2,000	2,000	88.03	0.0	(3.8)	2.43	0.11
Tanzania Tea Packers (TTP)	120	120	120	5.28	0.0	0.0	-	-
TOL Gases	660	660	660	29.05	0.0	0.0	-	-
Swala	490	490	490	21.57	0.0	0.0	-	-
Mucoba Bank	400	400	400	17.61	0.0	0.0	-	-
YETU	550	550	550	24.21	0.0	(8.3)	-	-
MCB	500	500	500	22.01	0.0	0.0	-	-
MKCB	780	780	780	34.33	0.0	(2.5)	-	-
Vodacom	850	850	850	37.41	0.0	13.3	0.65	0.03
TICL	385	385	385	16.94	0.0	0.0	-	-
NICO	175	175	175	7.70	0.0	(35.2)	4.24	0.19

(Source: RSE, DSE, DBIB Research)

*L.C refers to Local Currency

Kenya Market News

Stanchart 3Q19 Earnings

In 3Q19, Stanchart saw a 1.3% y-o-y decline in earnings to KES 6.2 BN as total income performance remained flat at KES 21.6 BN .

In 3Q19, Stanchart saw a 1.3% y-o-y decline in earnings to KES 6.2 BN as total income performance remained flat at KES 21.6 BN following a 0.6% y-o-y rise in net interest income to KES 14.7 BN and a 1.1% y-o-y decline in non-interest income to KES 6.96 BN. Operating expenses rose 12.0% y-o-y to KES 11.8 BN leading to an 11.3% y-o-y decline in operating profit to KES 9.9 BN. Bad debt charges declined 61.2% y-o-y to KES 0.7 BN. Customer loans and services rose 6.8% y-o-y to KES 118.5 BN while investment securities declined 10.7% y-o-y to KES 95.7 BN. Customer deposits rose 2.4% y-o-y to KES 224.8 BN while borrowed funds rose 17.2% y-o-y to KES 10.5 BN. Gross NPLs rose 2.1% y-o-y to KES 19.9 BN placing the NPL ratio at 14.4%, down 56 bps y-o-y. Interest in suspense rose 0.8% y-o-y to KES 7.4 BN bringing total NPLs to KES 12.5 BN. Loan loss provisions rose 10.9% y-o-y to KES 7.9 BN. ROA and ROE multiples declined 6 and 65 bps y-o-y to 2.9% and 17.3% respectively. We think the results are largely in line but highlight the improvement on cost of risk despite the continued stickiness of gross NPLs. With caps removed, Stanchart's NPLs can only improve. *(Source: Company Filings, DBIB Research)*

Barclays Bank Kenya 3Q19 Earnings

Barclays released its 3Q19 earnings reporting a 2.3% y-o-y rise in profit after tax to KES 5.6 BN.

Barclays released its 3Q19 earnings reporting a 2.3% y-o-y rise in profit after tax to KES 5.6 BN. Net interest income rose 2.0% y-o-y to KES 16.8 BN on the back of a 5.6% y-o-y rise in interest income to KES 22.9 BN and a 17.1% y-o-y rise in interest expense to KES 6.1 BN. Non-interest income rose 8.1% y-o-y to KES 8.0 BN on the back of a 9.2% y-o-y rise in fees and commissions to KES 4.6 BN and a 7.5% y-o-y rise in net income from forex dealings to KES 2.7 BN. Operating profit rose 15.4% y-o-y to KES 12.2 BN on the back of a 5.2% y-o-y decline in operating expenses and a 3.9% y-o-y rise in total income. Total income rose 3.9% y-o-y to KES 24.8 BN on the back of a 2.0% y-o-y rise in net interest income to KES 16.8 BN and an 8.1% y-o-y rise in non-interest income to KES 8.0 BN. Bad debt charges rose 8.8% y-o-y to KES 3.1 BN. Loans and advances rose 8.8% y-o-y to KES 194.2 BN whereas customer deposits rose 6.9% y-o-y to KES 235.4 BN. ROE and ROA declined 13 and 19 bps y-o-y to 16.8% and 2.1% respectively. We think that the results reflect the opportunity cost on management's time given the ongoing transition process. As the transition carries on, we hold that the stock remains a pure dividend play . *(Source: Company Filings, DBIB Research)*

NIC 3Q19 Earnings

NIC released its 3Q19 earnings posting a 3.3% y-o-y decline in profit after tax to KES 3.1 BN.

NIC released its 3Q19 earnings posting a 3.3% y-o-y decline in profit after tax to KES 3.1 BN. Net interest income saw a 10.6% y-o-y increase to KES 8.4 BN courtesy of 3.4% y-o-y increase in interest income to KES 14.7 BN and a 4.7% y-o-y decline in interest expense to KES 6.4 BN. Non-interest income rose by 25.6% y-o-y to 4.3 BN owing to a 14.8% y-o-y increase in fees and commission income to KES 2.1 BN and an 8.8% y-o-y increase in net income from forex dealings to KES 1.1 BN. Operating expenses (less bad debt charge) rose by 16.0% y-o-y to KES 5.8 BN courtesy of an 11.5% y-o-y increase in staff costs to KES 2.9 BN. On the other hand, bad debt charge saw a 44.4% y-o-y upswing to KES 2.3 BN. The loan book expanded by 3.9% y-o-y to KES 119.9 BN whereas investment securities increased by 9.4% y-o-y to KES 65.8 BN. On the funding side, customer deposits rose by 9.2% y-o-y to KES 158.2 BN. Net non-performing loans increased by 26.7% y-o-y to KES 10.1 BN owing to a 5.9% y-o-y increase in total NPLs to KES 15.4 BN and a 19.2% decline in loan loss provisions to KES 5.3 BN. Earnings per share (EPS) for the period closed off at KES 4.57 per share. *(Source: Company Filings, DBIB Research)*

Kenya Market News

CBA 3Q19 Earnings

CBA released its 3Q19 earnings recording a 35.7% y-o-y growth in profit after tax to KES 4.6 BN.

CBA released its 3Q19 earnings recording a 35.7% y-o-y growth in profit after tax to KES 4.6 BN. This is attributable to a 15.2% y-o-y growth in total income to KES 17.9 BN. Net interest income saw a 7.0% y-o-y growth to KES 7.7 BN courtesy of a 1.9% y-o-y growth in interest income to KES 15.0 MN and a 2.9% y-o-y decline in interest expense to KES 7.3 BN. Non-interest income rose by 22.3% y-o-y to KES 10.2 BN driven by a 23.7% y-o-y growth in fees and commission income to KES 7.7 BN. Operating expenses (less bad debt charge) increased by 6.1% to KES 8.8 BN owing to a 9.7% y-o-y increase in staff costs to KES 3.3 BN and a 1.4% y-o-y decline in other operating expenses to KES 3.6 BN. On the other hand, bad debt charge saw a 33.3% y-o-y decline to KES 2.0 BN. Customer loans and advances rose 12.0% y-o-y to KES 128.9 BN and investment securities rose 5.9% y-o-y to KES 81.8 BN. On the funding side, customer deposits rose 11.9% y-o-y to KES 214.2 BN. Net non-performing loans grew by 12.8% y-o-y to KES 3.2 BN on the back of a 19.0% y-o-y increase in total NPLs to KES 11.6 BN and a 13.2% y-o-y increase in loan loss provision to KES 8.4 BN. Earnings per share (EPS) for the period improved to KES 16.01 per share compared to KES 11.68 per share recorded in the last period. *(Source: Company Filings, DBIB Research)*

Stanbic Africa ups its Stanbic Holdings stake to 69.10%

Stanbic Africa Holdings Ltd (SAHL) has been intent on increasing its shareholding of Stanbic Holdings Plc to a maximum of just under 75.00%.

Since 2018, Stanbic Africa Holdings Ltd (SAHL) has been intent on increasing its shareholding of Stanbic Holdings Plc to a maximum of just under 75.00%. In March 2018, SAHL issued a tender offer to acquire up to 59.0 MN ordinary shares of Stanbic Holdings Plc at KES 95.00 per share. SAHL later announced the results of the tender offer in July 2018 confirming that they had purchased an aggregate of 31.6 MN ordinary shares which represented 8.01% of the issued ordinary shares. Not only had the group managed to raise its stake to 68.01%, but it had also applied for an extension of the exemption to trade on market from the Capital Markets Authority (CMA). In August 2018, the CMA granted SAHL the requested extension up until 31 December 2019. SAHL in turn announced that it was targeting to acquire a maximum of 27.3 MN additional ordinary shares available for sale on the exchange. In an announcement dated November 20, 2019, SAHL managed to acquire 4.3 MN ordinary shares representing a further 1.09% shareholding, thus increasing its stake to 69.10%. In pursuit of the targeted 75.00% stake, SAHL requested yet another extension of the exemption to trade on market for a period expiring on 31 December 2020. SAHL is keen on acquiring a maximum of 23.0 MN additional ordinary shares. We expect a notice of these results on or at the earlier of when the acquisition target is met or 31 December 2020. *(Source: Company Filings, DBIB Research)*

BOC Gases issues a profit warning

BOC announced that its net earnings for FY19 may come in at least 25.0% lower than the profit after tax (PAT) recorded in FY18.

BOC announced that its net earnings for FY19 may come in at least 25.0% lower than the profit after tax (PAT) recorded in FY18. This implies that the PAT will close south of KES 52.18 MN in FY19, significantly lower than KES 69.57 MN that was recorded in FY18. As at 1H19, the group's PAT stood at KES 19.02 MN, representing a 66.8% y-o-y dip from the KES 57.30 MN recorded in 1H18. The dip in earnings is attributable to several factors: the depressed demand for gases from the industrial sector due to the prevailing economic environment, an increase in doubtful debt provisions due to unpaid credit from several public sector customers, increased production costs owing to high local energy costs and the outage of a key raw material due to constraints of a key overseas supplier. The company also experienced unanticipated downtime of the gas production plant to undertake emergency repairs. Going forward, management is keen on seeking new revenue streams and improving operational efficiencies. *(Source: Company Filings, DBIB Research)*

Kenya Market News

Equity Group's proposes to acquire 66.5% of Banque Commerciale du Congo (BCDC)

Equity Group has entered into a share purchase agreement with George Forrest, a Belgian businessman, for the purchase of 66.5% of the issued share capital of BCDC.

In September 2019, Equity Group Holdings (EGH) announced that its Board of Directors had approved the entry of a non-binding term sheet with certain shareholders of the Banque Commerciale du Congo (BCDC) for the purchase of a controlling equity stake in BCDC for cash. As per a public announcement dated November 18, 2019, Equity Group has entered into a share purchase agreement with George Forrest, a Belgian businessman, for the purchase of 66.5% of the issued share capital of BCDC. This will see Equity Group pay a cash consideration of USD 105.00 MN for the 625,354 shares to be purchased inclusive of dividends declared after January 1, 2019 (A cum-dividend price per share of USD 167.9). The lender is to eventually amalgamate BCDC with its existing banking subsidiary in DRC, Equity Bank Congo. As at FY18, the profit before tax of Equity Bank Congo stood at KES 1.36 BN while the profit after tax of BCDC stood at KES 1.64 BN for the same period. The net assets of BCDC closed at KES 5.79 BN whereas Equity Bank Congo's stood at KES 11.93 BN as at FY18. To consummate the agreement, regulatory approvals from the Central Bank of Kenya, Banque Centrale du Congo, COMESA Competition Commission and the boards of BCDC and EGH must be granted. Equity Group will also buy 192,000 shares of Equity Bank Congo held by Kreditanstalt Fur Wiederaufbau (KfW), comprising 7.7% of the issued share capital, so as to increase its shareholding from the current 86.0%. The group will pay a cash price of USD 9.06 MN for the KfW shares (option price). *(Source: Company Filings, DBIB Research)*

Profit Warnings

- Sasini
- Kenya Power
- Eaagads
- BOC Gases

UPCOMING EVENTS

Company	Announcement	Book Closure	Payment
Unga	First & Final Div: KES 0.50	05-Dec-19	15-Jan-20
Longhorn	Final Div: KES 0.52	28-Nov-19	26-Feb-20
Kenya Re	Bonus Issue of 3:1	14-Jun-19	N/A
Carbacid	Final Div: KES 0.70	06-Nov-19	N/A

(Source: NSE, DBIB Research)

AGM SCHEDULE

Company	Time	Venue	Date
Unga	10.00 AM	Kenya School of Government	05-Dec-19
Carbacid	10.00 AM	Azure Hotel	05-Dec-19
Longhorn	11.00 AM	Serena Hotel	28-Nov-19

(Source: Company filings , DBIB Research)

APPENDIX

COMPANY INVESTMENT RATINGS

Buy: Share price may generate more than 15.0% upside over the next 12 months

Overweight: Share price may generate between 10.0% and 15.0% upside over the next 12 months

Hold: Share price may fall within the range of <+5.0%/ -10.0% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels. Company fundamentals however remain strong

Underweight: Share price may generate between 10.0% and 15.0% downside over the next 12 months

Sell: Share price may generate more than 15.0% downside over the next 12 months, significant business and/or financial risks present, industry concerns

Not Rated: Counter is not within regular research coverage

SECTOR INVESTMENT RATINGS

Overweight: Industry performance better than that of the whole market

Equal weight: Industry performance about the same as that of the whole market

Underweight: Industry performance worse than that of the whole market

DBIB SELECT INDEX

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