

DBIB WEEKLY BULLETIN

WEEK 33

Date: 19.08.2022

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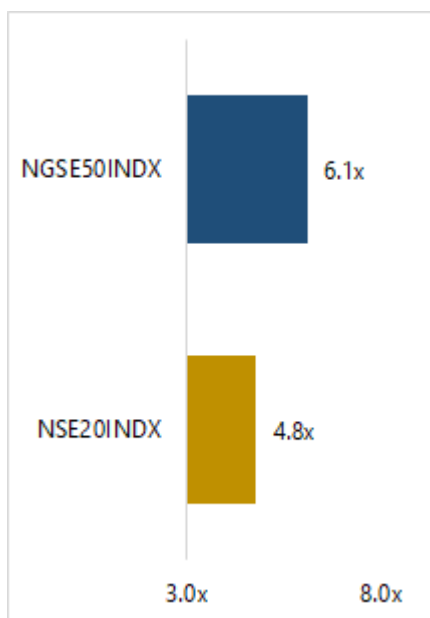
INDICES & MARKET METRICS MOVEMENT

NSE 20 and **NASI** shed 1.13% and 0.4% w-o-w to close at 1,779.19 and 146.32 respectively.

Weekly equity turnover rose by 55.2% w-o-w to USD 8.99 MN (KES 1.08 BN).

USD | KES: KES weakened 0.2% w-o-w to close at 119.57 (-5.7% YTD).

PEER P/E MULTIPLES



NSE20INDX* - NSE 20 Index
NGSE50INDX* - Nigeria Stock Exchange 50 Index

*LTM Price/EPS

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	146.32	(0.38)	10.41	(21.47)	(12.10)
NSE-20	1,779.19	(1.13)	5.87	(11.74)	(6.48)
DBIB Select	39.85	(0.06)	(56.01)	(63.99)	(59.23)
FTSE 15	170.14	-	(1.57)	(22.96)	(18.79)
FTSE 25	170.32	-	(4.13)	(31.02)	(24.10)
FTSE Frontier 50	44,456.23	(0.25)	(3.03)	(8.71)	(13.55)

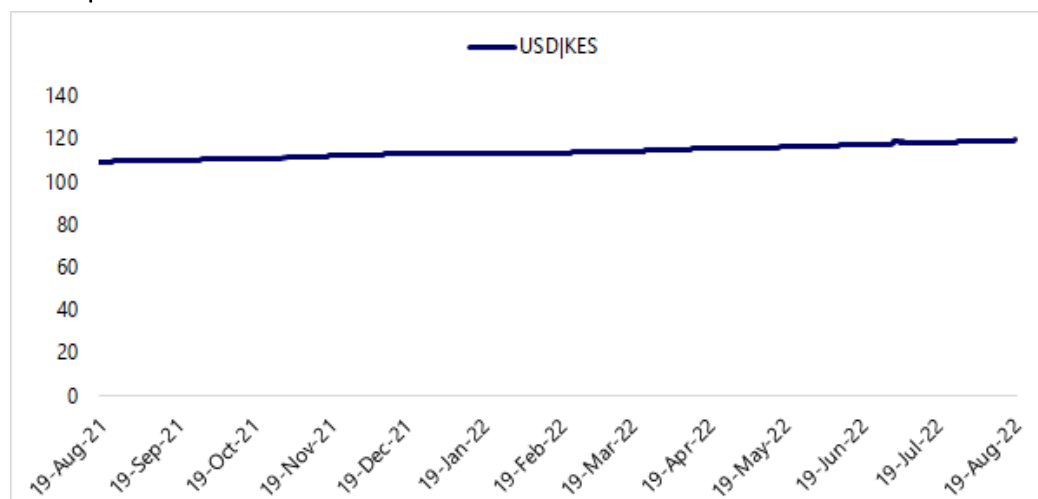
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,280.64	(0.38)	7.16	10.45	(21.46)
Market Turnover (USD m)	8.99	55.24	(41.73)	(36.18)	(78.43)
Market P/E (x)	5.18	4.41	(63.30)	(62.70)	(72.47)
Market Div. yld (%) *	6.48	(8.74)	(19.60)	328.26	238.26
Market ROE (%) *	36.99	9.85	133.74	(77.56)	(247.56)

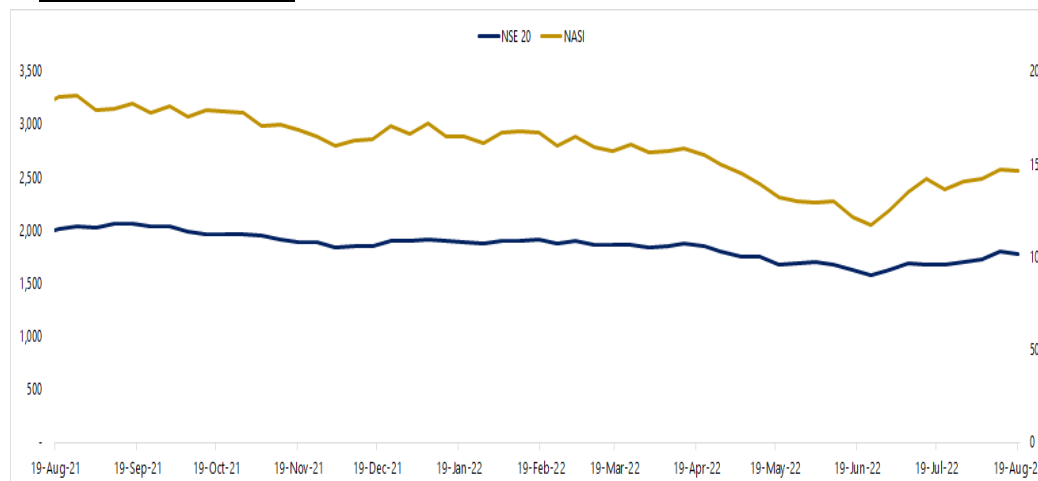
* Changes in % **Changes in bps -Market ROE is market cap weighted -ch: changes

(Source: NSE, DBIB Research)

USD | KES : 52-Week Trend



Indices : 52-Week Trend



(Source: NSE, DBIB Research)

WEEKLY BOURSE WRAP UP...

Week-on-Week Performance

.....
Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 6.05 MN (KES 722.93 MN) representing 67.25% of this week's turnover.

The stock **advanced** by 0.3% w-o-w to close at KES 31.25 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 14.19% of foreign sales and 12.44% of foreign purchases.

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<u>Top gainers</u>	<u>%</u>
Liberty Kenya	20.0
Sameer	13.8
Longhorn	13.4
Sasini Ltd	7.0
E.A Cables	4.2

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Olympia Capital	(12.1)
Trans-Century Ltd	(8.5)
WPP Scangroup	(5.4)
Equity Group	(5.0)
Nation Media Group	(4.8)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	6.05
Equity Group	0.74
E.A Breweries	0.73
KCB Group	0.34
Co-op	0.19

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Limuru Tea	56.3
Sameer Africa	41.3
Crown Paints	40.7
Car & General	26.7
Sasini Ltd	19.0

(Source: NSE, DBIB Research)

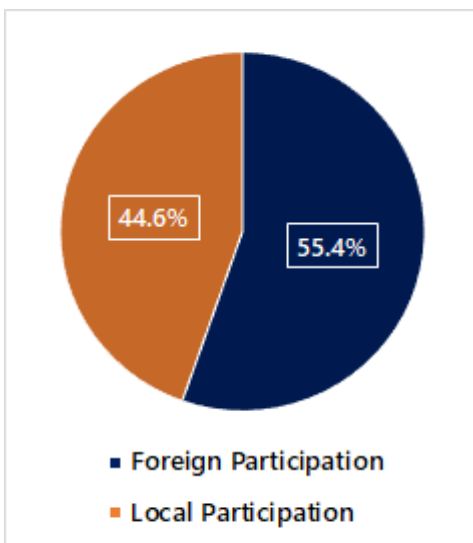


<u>Top Losers</u>	<u>%</u>
NBV Ltd	(41.3)
Centum	(30.2)
Eveready E.A	(20.4)
Jubilee Holdings	(20.4)
I&M Group	(19.7)

(Source: NSE, DBIB Research)



WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Uchumi	94.0
NSE	79.9
Sameer	77.1
Standard Group	67.4
StanChart	61.3

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Williamson Tea	100.0
KPLC	100.0
Britam	93.0
KCB Group	87.9
WPP Scangroup	85.2

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	99.9
Crown Paints	89.8
BK Group	86.5
Stanbic	79.5
BAT Kenya	72.3

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
KPLC	98.5
New Gold ETF	97.7
Safaricom	87.0
BAT Kenya	84.9
E.A Breweries	79.9

The Bond market's turnover for the week stood at USD 80.31 MN (KES 9.60 BN) representing a 12.1% w-o-w fall from USD 91.37 MN (KES 10.9 BN) recorded the previous week.

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 80.31 MN (KES 9.60 BN) representing a 12.1% w-o-w fall from USD 91.37 MN (KES 10.9 BN) recorded the previous week. The bond issue number FXD1/2021/2Yr emerged as the top traded bond with a turnover of KES 4.05 BN accounting for 42.17% of the week's turnover. The bond traded between 9.5000% and 9.4000%.

August Issue Results: FXD1/2022/03, FXD2/2019/10 & FXD1/2021/20 (Re-opens)

The Central Bank of Kenya (CBK) reopened FXD1/2022/03, FXD2/2019/10 and FXD1/2021/20 treasury bonds with an aim of raising KES 50.0 BN. The bids were priced at the weighted average rate of accepted bids of 12.445% for FXD1/2022/03, 13.884% for FXD2/2019/10 and 13.963% for FXD1/2021/20. From the auction, the CBK received bids worth KES 21.82 BN for FXD1/2022/03, KES 8.96 BN for FXD2/2019/10 and KES 18.35 BN for FXD1/2021/20 (a total of KES 49.13 BN); and accepted KES 21.80 BN for FXD1/2022/03, KES 8.78 BN for FXD2/2019/10 and KES 7.95 BN for FXD1/2021/20 (a total of KES 38.53 BN). The coupon rates stand at 11.766% for FXD1/2022/03, 12.300% for FXD2/2019/10 and 13.444% for FXD1/2021/20.

Top Trades for the week ending 19 August 2022

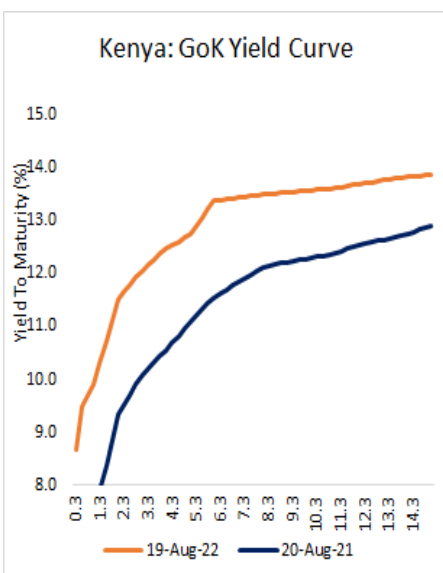
						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
19-Aug	FXD 1/2021/2Yr	0.4	9.4860	9.4000	101.03	1,550.0
16-Aug	FXD 1/2021/2Yr	0.4	9.4860	9.5000	100.92	1,500.0
18-Aug	FXD 1/2021/2Yr	0.4	9.4860	9.4500	100.99	1,000.0
18-Aug	FXD1/2008/20Yr	5.8	13.7500	13.3000	104.23	600.0
17-Aug	FXD1/2008/20Yr	5.8	13.7500	13.4500	103.59	588.0
19-Aug	FXD1/2021/25Yr	23.7	13.9240	13.9500	103.67	480.0
18-Aug	FXD 2/2018/10Yr	6.3	12.5020	13.7000	97.26	300.0
19-Aug	FXD 2/2018/10Yr	6.3	12.5020	13.4000	98.51	300.0
18-Aug	FXD2/2018/20Yr	15.9	13.2000	14.0000	95.79	150.0
17-Aug	FXD2/2018/20Yr	15.9	13.2000	14.0300	95.58	148.0
17-Aug	FXD 4/2019/10Yr	7.2	12.2800	13.4763	97.42	114.0
15-Aug	IFB 1/2018/15Yr	10.4	12.5000	13.3000	96.82	100.0
15-Aug	IFB 1/2022/18Yr	17.8	13.7420	13.2800	105.07	100.0

(Source: NSE, DBIB Research)

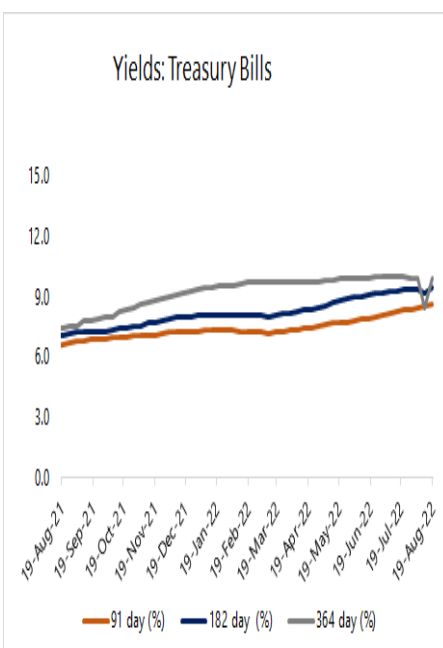
Treasury Bill auction for the week ending 19 August 2022

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	11.77	294.25	11.77	8.669	10.4
182-day	10.00	6.80	68.01	6.80	9.492	5.9
364-day	10.00	11.44	11.44	11.32	9.909	(1.3)

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

I&M Group: Earnings Update

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**I&M Group released its
1H22 results reporting a
15.9% y-o-y growth in after-
tax profits to KES 4.9 BN.**
.....

I&M Group released its 1H22 results reporting a 15.9% y-o-y growth in after-tax profits to KES 4.9 BN. This was supported by an 18.7% y-o-y improvement in net interest income to KES 10.5 BN and a 28.2% y-o-y rise in total non-interest income to KES 5.1 BN. EPS for the period stood at KES 2.83 compared to KES 2.44 in 1H21.

Net interest income increased by 18.7% y-o-y to KES 10.5 BN propped up by a 19.3% y-o-y jump in interest income to KES 17.5 BN which offset a 20.2% y-o-y rise in interest expense to KES 6.9 BN. Annualized yield on interest earning assets fell slightly by 14 bps y-o-y to 9.3% whereas annualized cost of funds remained relatively unchanged at 3.8% (+5 bps y-o-y). As a result, the group's annualized net interest margin (NIM) edged down by 19 bps to 5.4%.

Non-funded income went up by 28.2% y-o-y to KES 5.1 BN occasioned by a 44.3% y-o-y growth in other fees and commissions to KES 1.9 BN, a 9.9% y-o-y improvement in fees and commissions on loans to KES 999.4 MN and a 147.7% y-o-y advancement in net income from forex dealings to KES 1.9 BN. Other operating income contracted by 71.1% y-o-y to KES 279.8 MN. The contribution of nonfunded income to total income moved up by 168 bps y-o-y to 32.5%.

Operating expenses (less loan loss provisions) rose by 18.4% y-o-y to KES 7.3 BN primarily due to a 22.9% y-o-y increase in other operating expenses to KES 2.7 BN and a 10.8% y-o-y rise in staff costs to KES 3.0 BN. Cost-to-income ratio shrunk from 48.1% in 1H21 to 46.8%.

Loan loss provision expense inched higher by 24.4% y-o-y to KES 1.3 BN placing the cost of risk at 1.1% (+10 bps y-o-y).

Gross non-performing loans (NPLs) increased by a marginal 1.5% y-o-y to KES 23.3 BN (-1.5% q-o-q) while interest in suspense rose by 13.3% y-o-y to KES 4.3 BN (+7.1% q-o-q). Thus, total NPLs remained relatively unchanged at KES 19.0 BN (-0.9% y-o-y; -3.3% q-o-q). As a result, group's NPL ratio stood at 9.2%, 94 bps lower y-o-y. Cumulative loan loss provisions went up by 18.3% y-o-y to KES 13.8 BN (+5.6% q-o-q) placing the NPL coverage ratio at 72.5%, (1H22: 60.8%).

Customer loans and advances rose by 13.0% y-o-y to KES 231.1 BN (+5.8% q-o-q) while investment securities grew by 35.0% y-o-y to KES 121.4 BN (-64.5% q-o-q). On the funding side, customer deposits saw a 13.2% y-o-y increase to KES 313.2 BN (+1.2% q-o-q) while borrowed funds edged up by 3.7% y-o-y to KES 19.3 BN (-3.1% q-o-q). The loans to deposits ratio remained fairly constant at 73.8% (-9 bps y-o-y) while the loans to deposits and borrowed funds ratio dropped by 28 bps y-o-y to 69.5%.

On a trailing basis, I&M is trading at a P/E multiple of 3.2x, against an industry median of 4.1x, and a P/B multiple of 0.4x against an industry median of 0.8x. ROE stands at 13.2% whereas ROA stands at 2.0%.

Source: I&M Group, DBIB Research

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Stanbic Bank released its 1H22 results recording a 41.2% y-o-y increase in profit after tax (PAT) to KES 4.8 BN.

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Stanbic Bank: 1H22 Earnings Snapshot

Stanbic Bank released its 1H22 results recording a 41.2% y-o-y increase in profit after tax (PAT) to KES 4.8 BN. This was attributable to a 24.3% y-o-y growth in total income to KES 14.6 BN and a 14.0% y-o-y decline in the loan loss provision expense to KES 998.3 MN. EPS for the period stood at KES 27.99. No interim dividend was declared (1H21: KES 4.10).

Net interest income grew by 23.2% y-o-y to KES 6.5 BN, bolstered by a 14.8% y-o-y increase in interest income to KES 11.2 BN. Interest expense declined 2.2% y-o-y to KES 3.2 BN. As such, the net interest margin increased 45 bps y-o-y to 5.6%.

Non-funded income was up 25.7% y-o-y to KES 6.6 BN, attributable to 46.1% y-o-y increase in forex income to KES 4.2 BN and a 52.6% y-o-y increase in fees and commission income to KES 2.1 BN. Other operating income on the other hand declined by 35.1% y-o-y to KES 324.4 MN. As such, funded income reliance declined 51 bps y-o-y to stand at 55.0%.

Operating expenses (less loan loss provisions) increased by 19.1% y-o-y to KES 7.1 BN mainly on the back of 18.1% y-o-y increase in staff costs to KES 3.4 BN and 23.1% y-o-y upsurge in other expenses to KES 3.0 BN.

Pre-provision operating profit increased 29.6% y-o-y to KES 7.5 BN. Loan loss provision expense saw a 14.0% y-o-y decline to KES 998.3 MN, placing the cost of risk at 0.9%, 49 bps lower y-o-y. As a result, profit before tax was up 40.4% y-o-y to KES 6.5 BN.

Customer loans and advances grew by 31.5% y-o-y to KES 217.1 BN. Investment securities saw a 3.5% y-o-y decline to KES 49.5 BN whereas held for dealing securities declined 90.3% y-o-y to KES 3.0 BN.

On the funding side, customer deposits saw a 5.7% y-o-y increase to KES 242.1 BN whilst borrowed funds saw a 24.4% y-o-y decline to KES 9.1 BN. The loan-to-deposits ratio stood at 89.7%, up 1,754 bps y-o-y.

Gross NPL increased 16.3% y-o-y to stand at KES 24.1 BN, with the NPL ratio declining 116 bps y-o-y to 10.0% supported by loan book growth. The NPL coverage ratio improved 372 bps y-o-y to 45.5%.

Source: Stanbic Bank, DBIB Research

Salient News

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Stanbic Bank released its 1H22 results recording a 41.2% y-o-y increase in profit after tax (PAT) to KES 4.8 BN.

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Stanbic Bank: 1H22 Earnings Snapshot (continued ...)

On a trailing basis, Stanbic Holdings is trading at a P/E ratio of 4.6x relative to an industry median of 4.0x, and a P/B of 0.8x in line with an industry median of 0.8x. ROE stands at 17.5%, relative to an industry median of 15.9%, whereas ROA stands at 2.5%, relative to an industry median of 2.6%.

Source: Stanbic Bank, DBIB Research

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Standard Chartered Group released its 1H22 results recording a 10.9% y-o-y increase in profit after tax (PAT) to KES 5.4 BN.

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StanChart Group: 1H22 Earnings Snapshot

Standard Chartered Group released its 1H22 results recording a 10.9% y-o-y increase in profit after tax (PAT) to KES 5.4 BN. Performance was supported by a 10.2% y-o-y increase in total income to KES 15.5 BN and an 83.1% y-o-y decline in loan loss provision expense to KES 108.2 MN. EPS for the period stood at KES 13.87 (+9.3% y-o-y).

Net interest income grew by 9.9% y-o-y to KES 10.0 BN, on the back of a 4.4% y-o-y increase in interest income to KES 11.5 BN. Interest expense on the other hand declined 21.4% y-o-y to KES 1.5 BN, supporting net interest income performance. As such, the net interest margin advanced 31 bps y-o-y to 6.3%.

Non-funded income increased by 10.9% y-o-y to KES 5.5 BN. This comprised fees and commission income of KES 2.5 BN (-6.2% y-o-y), net income from forex dealings of KES 2.3 BN (+33.6% y-o-y) and other operating income of KES 739.0 MN (+23.4% y-o-y). Funded income reliance in turn declined 22 bps y-o-y to stand at 64.4%.

Operating expenses (less loan loss provisions) increased 18.0% y-o-y to KES 7.9 BN on the back of 11.5% y-o-y increase in staff costs to KES 3.6 BN and a 37.9% y-o-y increase in other operating expenses to KES 3.4 BN.

Pre-provision operating profit was up 3.2% y-o-y to KES 7.7 BN. Loan loss provision stood at KES 108.2 MN (-83.1% y-o-y), placing the cost of risk at 0.2%, 81 bps lower y-o-y. As a result, profit before tax was up 11.4% y-o-y to KES 7.6 BN.

Customer loans and advances shrank by 1.3% y-o-y to stand at KES 128.5 BN (+0.3% q-o-q). Investment securities saw a 1.9% y-o-y increase to KES 101.1 BN (+13.5% q-o-q) whereas held for dealing securities increased 3.5% y-o-y to KES 2.8 BN (-77.2% q-o-q).

Source: StanChart Group, DBIB Research

Salient News

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Standard Chartered
Group released
its 1H22 results recording
a 10.9% y-o-y increase in
profit after tax (PAT) to
KES 5.4 BN.
.....

StanChart Group: 1H22 Earnings Snapshot (continued ...)

On the funding side, customer deposits went up 3.1% y-o-y to KES 286.9 BN (+8.1% q-o-q). The loans-to-deposits ratio stood at 44.8%, down 198 bps y-o-y.

Gross NPL declined by 0.5% y-o-y to stand at KES 22.7 BN, with the NPL ratio increasing 10 bps y-o-y to stand at 15.0%. The NPL coverage ratio was up 502 bps y-o-y to 72.9%.

Source: StanChart Group, DBIB Research

UPCOMING EVENTS

Profit Warnings

1. Sameer

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Safaricom	Final: KES 0.75	31-Mar-22	31-Aug-22
BAT Kenya	Interim: KES 5.00	12-Aug-22	16-Sep-22
E.A Breweries	Final: KES 7.25	15-Sep-22	30-Oct-22
Centum	Final: KES 0.587	26-Jul-22	STA*

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
E.A Breweries	11:00 am	Safari Park Hotel	15-Sep-2022

(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

*The DBIB Select Index is an **in-house, bespoke index** designed by DBIB Research department to represent the performance of select Kenyan companies listed on the Nairobi Securities Exchange which fall within DBIB Research's class A and B coverage. The Index is market capitalization-weighted and comprises of counters in the Banking, Insurance, FMCG, Investments, Cement, Telco, Utilities and Media space. We believe this provides investors with a complementary index with which to measure the performance of the major capital and industry segments of the Kenyan Stock Market, hence appealing to broad range of investors and intermediaries seeking to develop structured portfolios based on indices.*

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