

# DBIB WEEKLY BULLETIN

# WEEK 18

Date: 06.05.2022

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# WEEKLY BOURSE WRAP UP...

## Week-on-Week Performance

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Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 8.30 MN (KES 961.4 MN) representing 69.16% of this week's turnover.

The stock **dropped** by 5.0% w-o-w to close at KES 32.00 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 90.28% of foreign sales and 34.11% of foreign purchases.

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<u>Top gainers</u>	<u>%</u>
Sanlam Kenya	27.1
Crown Paints	10.0
NBV Ltd	7.4
E.A. Cables	6.8
CIC Insurance	3.8

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
WPP Scangroup	(13.1)
Eaagads	(9.1)
Nation Media	(7.7)
Trans-Century	(7.6)
B.O.C Kenya	(6.8)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	8.30
E.A Breweries	1.79
Equity Group	0.94
NCBA Group	0.36
KCB Group	0.21

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Crown Paints	33.4
Stanbic Holdings	20.9
Umeme Ltd	17.2
Olympia Capital	12.0
Sanlam Kenya	11.7

(Source: NSE, DBIB Research)

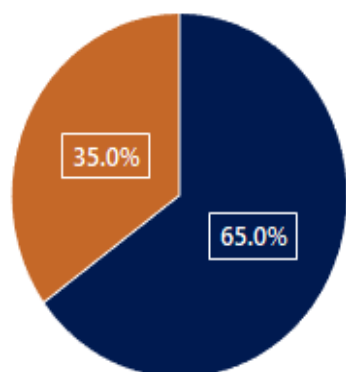


<u>Top Losers</u>	<u>%</u>
NBV Ltd	(28.2)
Housing Finance	(22.3)
Uchumi	(20.8)
KCB Group	(20.2)
TPS E.A	(18.4)

(Source: NSE, DBIB Research)



## WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation  
■ Local Participation

(Source: NSE, DBIB Research)

## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Equity Group	94.1
E.A Breweries	92.0
Jubilee Holdings	75.7
Safaricom	34.1
Kapchorua Tea	25.0

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
E.A Breweries	95.6
Safaricom	90.3
Equity Group	89.5
NSE	65.2
BAT Kenya	61.9

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	99.8
Crown Paints	98.4
BK Group	97.3
Umeme Ltd	85.7
BAT Kenya	80.6

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	91.8
TPS E.A	88.6
Safaricom	84.6
BAT Kenya	79.5
Umeme Ltd	75.0

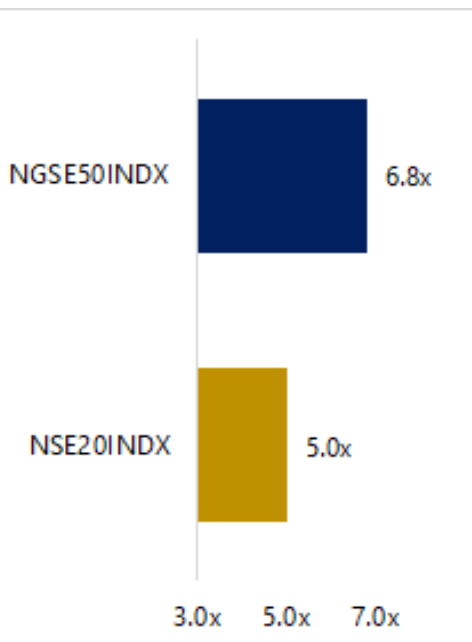
## INDICES & MARKET METRICS MOVEMENT

**NSE 20** and **NASI** shed 2.5% and 3.6% w-o-w to close at 1,755.57 and 144.73, respectively.

**Weekly equity turnover** grew by 43.5% w-o-w to USD 11.99 MN (KES 1.39 BN).

**USD | KES:** KES weakened 0.1% w-o-w to close at 115.90 (-2.4% 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	144.73	(3.62)	(13.35)	(15.33)	(13.05)
NSE-20	1,755.57	(2.50)	(7.66)	(9.92)	(7.73)
DBIB Select	93.23	(2.00)	(7.12)	(12.13)	(4.62)
FTSE 15	181.91	(2.77)	(14.08)	(11.99)	(13.17)
FTSE 25	192.03	(3.53)	(14.93)	(15.67)	(14.43)
FTSE Frontier 50	47,860.53	(0.70)	(6.12)	(7.48)	(6.93)

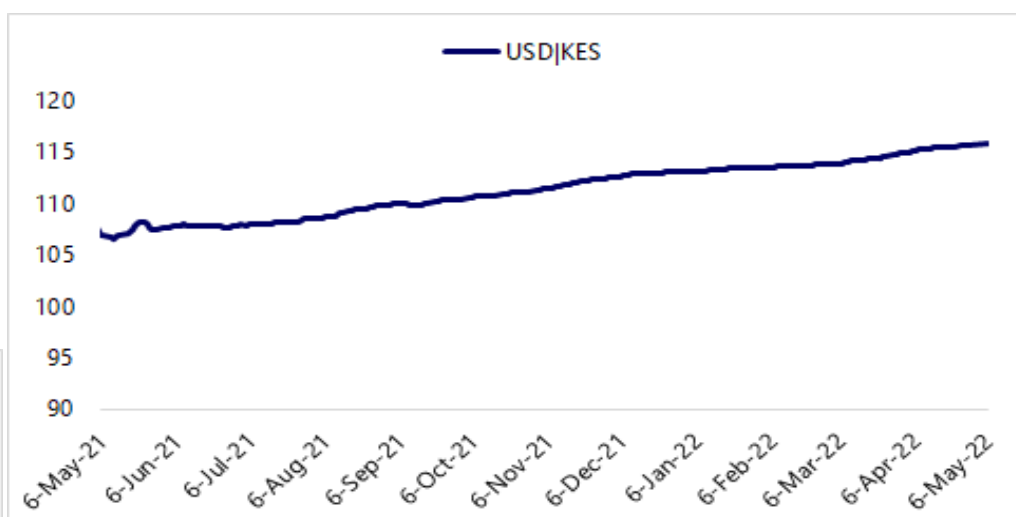
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,255.74	(3.63)	(8.00)	(13.29)	(15.43)
Market Turnover (USD m)	11.99	43.47	23.83	(49.27)	(27.39)
Market P/E (x)	14.94	(4.08)	(7.23)	(5.81)	(13.50)
Market Div. yld (%) *	6.57	23.93	254.69	300.96	237.37
Market ROE (%) *	39.33	(32.41)	(30.05)	155.27	(53.16)

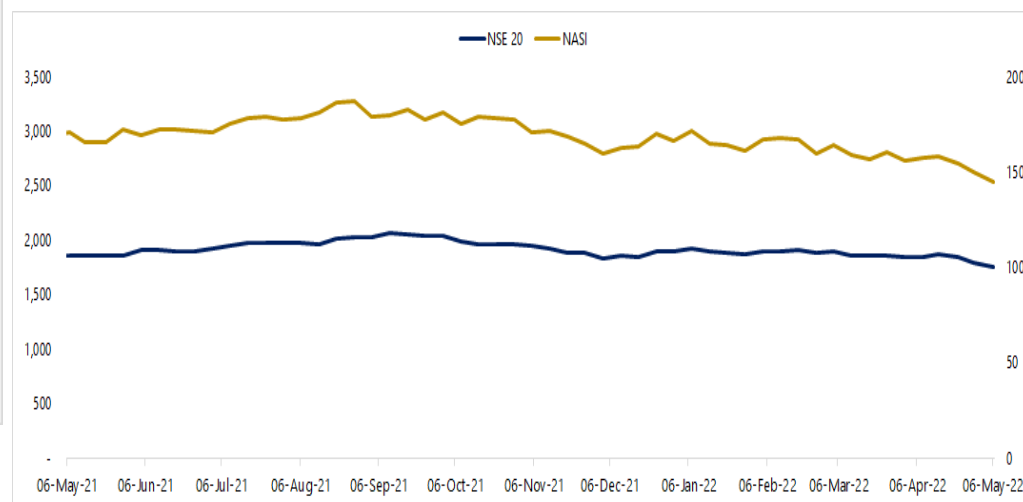
\* Changes in % \*\*Changes in bps -Market ROE is market cap weighted -ch: changes

(Source: NSE, DBIB Research)

### USD | KES : 52-Week Trend



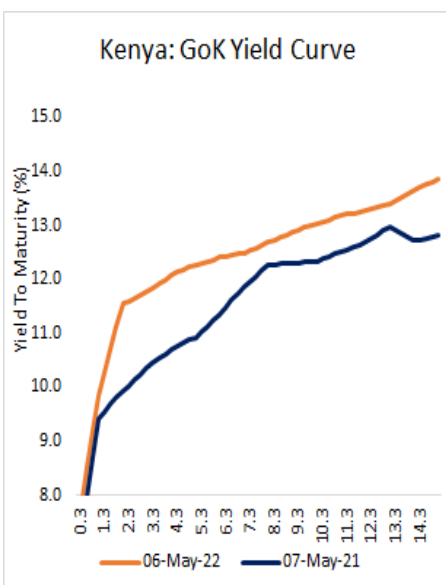
### Indices : 52-Week Trend



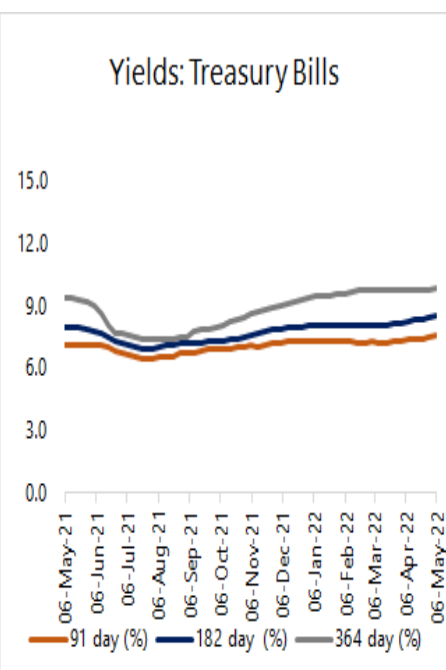
(Source: NSE, DBIB Research)



The Bond market's turnover for the week stood at USD 68.04 MN (KES 7.87 BN) representing a 47.6% w-o-w decrease from USD 129.92 MN (KES 15.04 BN) recorded the previous week.



Source: NSE, DBIB Research



Source: NSE, DBIB Research

## FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 68.04 MN (KES 7.87 BN) representing a 47.6% w-o-w decrease from USD 129.92 MN (KES 15.04 BN) recorded the previous week. The bond issue number IFB1/2019/16Yr emerged as the top traded bond with a turnover of KES 1.74 BN accounting for 22.1% of the week's turnover. The bond traded between 11.9300% and 13.2000%.

### May Issue: FXD1/2022/10 (New) & FXD1/2021/25 (Re-opened)

The Central Bank has newly issued an FXD1/2022/10 (10.0 years) and re-opened the FXD1/2021/25 (24.1 years). The aim is to raise a total of KES 60.0 BN from the bonds for budgetary support. The period of sale runs from 28th April 2022 to 10th May 2022. FXD1/2022/10's coupon rate will be market determined while that of FXD1/2021/25 will remain fixed at 13.924%.

### Top Trades for the week ending 06 May 2022

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
5-May	IFB 1/2019/16Yr	13.5	11.7500	12.6000	95.42	1,485.3
5-May	FXD 2/2017/5Yr	0.4	12.5170	8.6000	102.28	870.0
6-May	IFB 1/2021/18Yr	16.9	12.6670	12.8150	99.98	500.0
4-May	FXD 1/2022/3Yr	2.9	11.7660	11.7250	100.82	210.0
4-May	IFB 1/2021/16Yr	14.7	12.2570	13.0500	98.86	200.0
5-May	FXD1/2022/15Yr	14.9	13.9420	13.2000	105.16	200.0
5-May	IFB 1/2020/9Yr	6.9	10.8500	13.0000	93.32	200.0
5-May	IFB 1/2021/16Yr	14.7	12.2570	13.0500	98.89	200.0
5-May	IFB 1/2022/19Yr	18.7	12.9650	13.0250	102.18	200.0
6-May	FXD 1/2013/10Yr	1.1	12.3710	10.5000	106.56	200.0
6-May	FXD1/2022/15Yr	14.9	13.9420	13.2055	105.16	200.0
6-May	IFB 1/2018/20Yr	16.5	11.9500	12.5750	102.26	200.0
4-May	IFB 1/2021/16Yr	14.7	12.2570	12.8500	99.96	150.0
5-May	IFB 1/2022/19Yr	18.7	12.9650	12.9250	102.80	150.0
6-May	IFB 1/2022/19Yr	18.7	12.9650	12.9056	102.96	119.8
5-May	FXD1/2022/15Yr	14.9	13.9420	13.8409	101.00	102.5
4-May	FXD 1/2022/3Yr	2.9	11.7660	11.7500	100.76	100.0
4-May	FXD1/2022/15Yr	14.9	13.9420	13.9000	100.60	100.0
4-May	FXD1/2022/15Yr	14.9	13.9420	13.8350	101.00	100.0
5-May	FXD1/2022/15Yr	14.9	13.9420	13.8500	100.95	100.0

(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 06 May 2022

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	5.25	131.32	5.25	7.580	8.3
182-day	10.00	3.72	37.16	3.72	8.542	8.4
364-day	10.00	7.88	78.80	7.88	9.840	6.4

(Source: NSE, DBIB Research)

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# Salient News

## NCBA Group 1Q22 earnings

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**NCBA Group** released its 1Q22 results reporting a 20.3% y-o-y improvement in profit after tax (PAT) to KES 3.4 BN.

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**NCBA Group released its 1Q22 results reporting a 20.3% y-o-y improvement in profit after tax (PAT) to KES 3.4 BN.** This was supported by a 7.6% y-o-y advancement in net interest income to KES 7.1 BN, a 15.5% y-o-y growth in non-funded income to KES 6.1 BN and a 4.3% y-o-y drop in loan loss provision expense to KES 2.5 BN. EPS for the period stood at KES 2.07 compared to KES 1.72 in 1Q21.

**Net interest income rose by 7.6% y-o-y to KES 7.1 BN,** backed by a 10.5% y-o-y growth in interest income to KES 12.2 BN which offset a 14.9% y-o-y increase in interest expense to KES 5.1 BN. Annualized yield on interest earning assets inched higher by 21 bps y-o-y to 9.5% while annualized cost of funds rose by 32 bps y-o-y to 4.2%. As a result, the group's net interest margin (NIM) shed 10 bps y-o-y to 5.3%.

**Non-funded income went up by 15.5% y-o-y to KES 6.1 BN** courtesy of a 39.2% y-o-y increase in net income from forex dealings to KES 1.6 BN, a 3.8% y-o-y advancement in other fees and commissions to KES 966.0 MN and an 83.0% y-o-y rise in other operating income to KES 786.7 MN. Fees and commissions on loans declined by a marginal 1.3% y-o-y to KES 2.7 BN. As a result, the contribution of non-funded income to total operating income grew to 46.1% (1Q21: 44.3%).

**Operating expenses (less loan loss provisions) rose by 9.0% y-o-y to KES 5.6 BN** mainly owing to a 14.6% y-o-y increase in other operating expenses to KES 2.7 BN and a 10.1% y-o-y increase in staff costs to KES 2.2 BN. The group's cost-to-income ratio eased by 81 bps y-o-y to 42.5%. **Loan loss provision expense decreased by 4.3% y-o-y to KES 2.5 BN** placing the annualized cost of risk at 4.1% (1Q21: 4.3%).

**Net customer loans and advances edged up by 0.3% y-o-y to KES 243.9 BN** (-0.1% q-o-q) while investment securities grew by 29.3% y-o-y to KES 224.1 BN (+2.0% q-o-q). We view the group's muted loan book growth vis-à-vis its increased allocation to investment securities as a hedge against its deteriorating asset quality.

**On the funding side,** customer deposits advanced by 7.2% y-o-y to KES 465.5 BN (-0.9% q-o-q) while borrowed funds dropped by 54.6% y-o-y to KES 5.9 BN (-3.2% q-o-q). As such, loan-to-deposits ratio declined by 361 bps y-o-y to 52.4% while loans-to-deposits and borrowed funds ratio fell by 263 bps y-o-y to 51.7%.

**Gross non-performing loans (NPLs) rose by 14.1% y-o-y to KES 45.1 BN** (+1.8% q-o-q) while interest in suspense increased by 21.3% y-o-y to KES 8.6 BN (+4.0% q-o-q). Thus, total NPLs rose by 12.5% y-o-y to KES 36.6 BN (+1.3% q-o-q). The group's NPL ratio soared by 162 bps y-o-y to 15.6%. Cumulative loan loss provisions went up by 29.6% y-o-y to KES 24.2 BN (-0.9% q-o-q) placing the NPL coverage ratio at 53.6%, 643 bps higher y-o-y.

**On a trailing basis,** NCBA is trading at a P/E multiple of 4.0x against an industry median of 4.5x and a P/B multiple of 0.5x against an industry median of 0.7x. Its ROE stands at 13.5% while its ROA stands at 1.8%.

## UPCOMING EVENTS

### Profit Warnings

1. Sanlam

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
I&M Group	First & Final: KES 1.50	21-Apr-22	26-May-22
ABSA Bank	First & Final: KES 1.10	25-Apr-22	26-May-22
KCB Group	Final: KES 2.00	25-Apr-22	STA*
StanChart Bank	Final: KES 14.00	27-Apr-22	25-May-22
Stanbic Holdings	Final: KES 7.30	20-May-22	03-Jun-22
Equity Group	First & Final: KES 3.00	20-May-22	30-Jun-22
Co-operative Bank	First & Final: KES 1.00	30-May-22	17-Jun-22
Kakuzi	First & Final: KES 22.00	31-May-22	30-Jun-22
NSE	Final: KES 0.40	03-Jun-22	15-Jul-22
NSE	Special: KES 0.50	03-Jun-22	15-Jul-22
Kenya Re	First & Final: KES 0.10	17-Jun-22	29-Jul-22
BK Group	First & Final: FRw 28.7	22-Jun-22	01-Jul-22
Umeme Ltd	Final: USH 54.10	24-Jun-22	22-Jun-22
DTB Kenya	First & Final: KES 3.00	30-Jun-22	28-Jul-22
Nation Media Group	Final: KES 1.50	16-Jun-22	29-Jul-22
Jubilee Holdings	Final: KES 8.00	22-Jun-22	25-Jul-22
Jubilee Holdings	Special: KES 5.00	22-Jun-22	25-Jul-22
TotalEnergies	First & Final: KES 1.31	24-Jun-22	30-Jul-22

*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
CIC Group	10:00 a.m.	Virtual	13-May-22
Stanbic Holdings	11:00 a.m.	Virtual	19-May-22
Umeme Ltd	10:00 a.m.	Hybrid	19-May-22
HF Group	10:00 a.m.	Virtual	20-May-22
StanChart Bank	11:00 a.m.	Virtual	25-May-22
ABSA Bank	10:00 a.m.	Virtual	26-May-22
I&M Holdings	10:00 a.m.	Virtual	26-May-22
WPP Scangroup	11:00 a.m.	Virtual	27-May-22
BOC Kenya	11:00 a.m.	Virtual	23-Jun-22

*(Source: Company filings, DBIB Research)*

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## 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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