

DBIB WEEKLY BULLETIN

WEEK 20

Date: 20.05.2022

Contents:

Equity Market Sum Up	2
Fixed Income Wrap Up	4
Salient News	5
Corporate Actions	6
Appendix	7

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 7.94 MN (KES 924.64 MN) representing 56.39% of this week's turnover.

The stock **dipped** by 7.9% w-o-w to close at KES 27.80 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 89.56% of foreign sales and 41.91% of foreign purchases.

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<u>Top gainers</u>	<u>%</u>
Limuru Tea	10.0
Car & General	6.6
Kapchorua Tea	6.1
Unga Group	5.3
E.A. Portland	4.3

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
NBV Ltd	(18.9)
Trans-Century	(14.4)
Centum	(13.4)
WPP Scangroup	(12.8)
Olympia	(12.3)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	7.94
KCB Group	1.56
NCBA Group	1.42
E.A Breweries	1.33
Equity Group	1.03

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Sanlam Kenya	28.6
Crown Paints	24.4
Stanbic Holdings	19.2
Umeme Ltd	16.9
Sasini Ltd	12.3

(Source: NSE, DBIB Research)

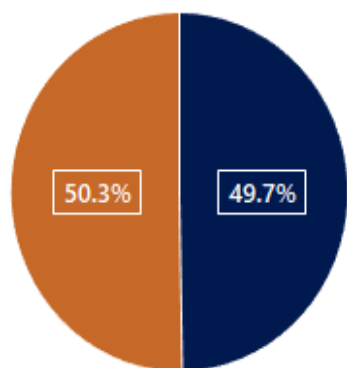


<u>Top Losers</u>	<u>%</u>
NBV Ltd	(51.0)
Centum	(28.7)
Safaricom	(26.7)
Liberty Kenya	(25.7)
WPP Scangroup	(24.4)

(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>
Stanbic Holdings	89.9
Jubilee Holdings	56.0
E.A Breweries	44.2
Safaricom	41.9
StanChart	21.8

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Safaricom	89.6
Centum	79.2
Williamson Tea	67.6
DTB Kenya	61.3
Jubilee Holdings	60.0

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	99.8
Crown Paints	97.2
BK Group	95.9
Umeme	80.6
BAT Kenya	79.9

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	91.8
Safaricom	85.2
TPS E.A	82.4
BAT Kenya	79.3
E.A Breweries	73.8

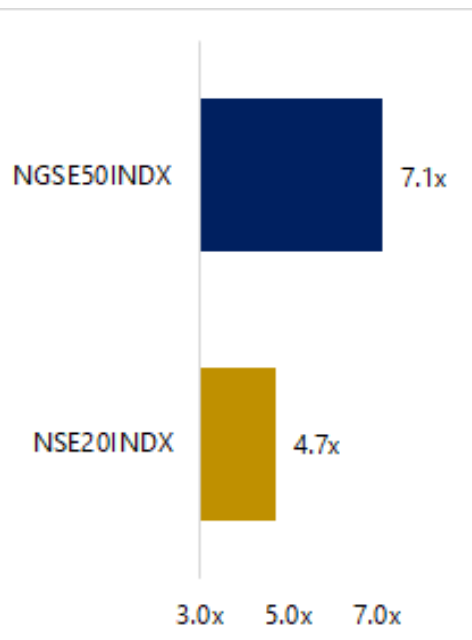
INDICES & MARKET METRICS MOVEMENT

NSE 20 and **NASI** shed 3.8% and 5.1% w-o-w to close at 1,680.53 and 132.52, respectively.

Weekly equity turnover eased by 33.9% w-o-w to USD 14.09 MN (KES 1.64 BN).

USD | KES: KES weakened 0.2% w-o-w to close at 116.41 (-2.9% YTD).

PEER P/E MULTIPLES



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

*LTM Price/EPS

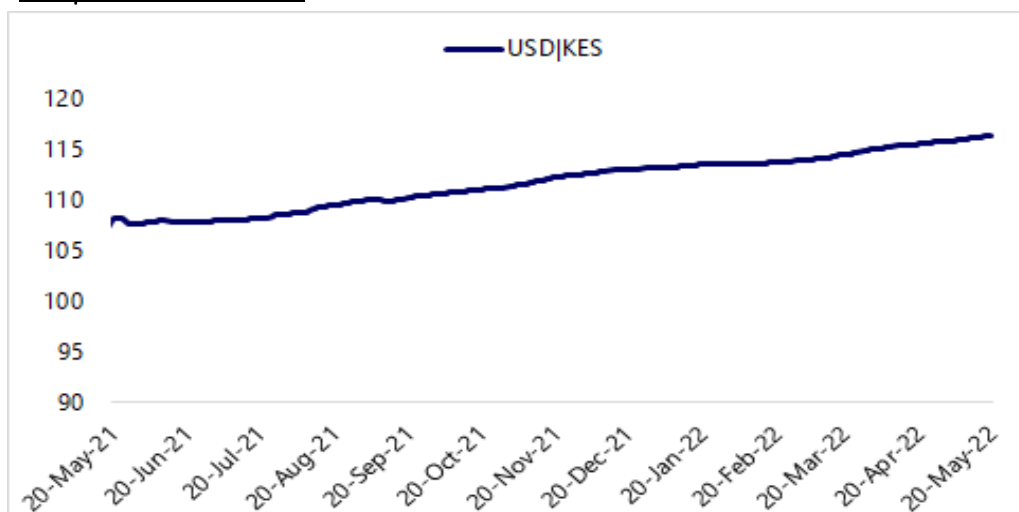
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	132.52	(5.11)	(20.63)	(21.32)	(20.39)
NSE-20	1,680.53	(3.82)	(12.31)	(11.25)	(11.67)
DBIB Select	90.59	(1.74)	(10.35)	(13.71)	(7.32)
FTSE 15	172.86	(2.91)	(18.08)	(16.77)	(17.49)
FTSE 25	177.66	(4.40)	(21.00)	(21.47)	(20.83)
FTSE Frontier 50	45,846.46	0.69	(10.52)	(10.30)	(10.85)

(Source: NSE, Bloomberg, DBIB Research)

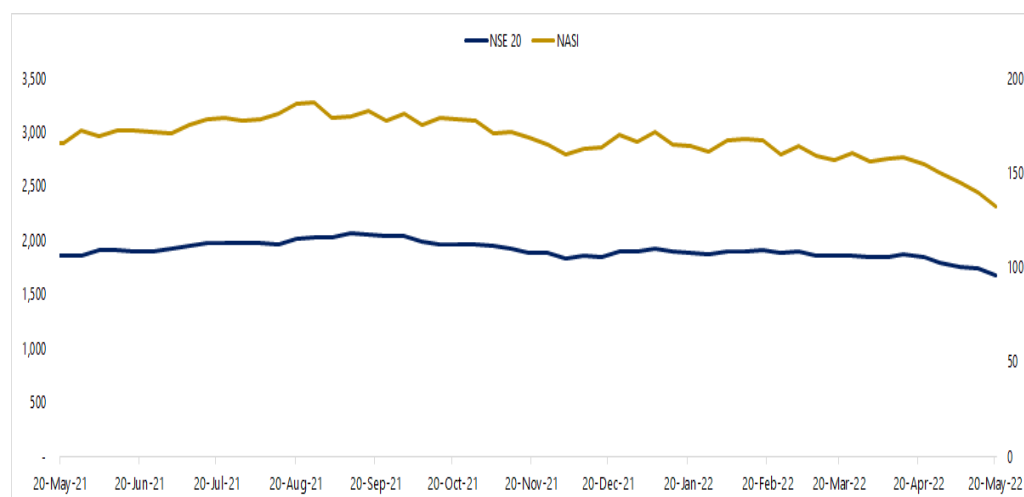
Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,064.95	(5.12)	(14.46)	(20.60)	(21.43)
Market Turnover (USD m)	14.09	(33.94)	(16.14)	(16.99)	(36.75)
Market P/E (x)	13.87	(7.11)	(11.54)	(12.19)	(12.19)
Market Div. yld (%) *	6.68	34.27	257.85	307.85	307.85
Market ROE (%) *	35.66	(74.98)	(381.30)	(423.30)	239.70

* 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)

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 118.68 MN (KES 13.81 BN) representing a 17.2% w-o-w decline from USD 143.39 MN (KES 16.65 BN) recorded the previous week.

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May tap sale: FXD1/2022/10 (New) & FXD1/2021/25 (Re-opened)

The Central Bank of Kenya (CBK) issued a tap sale on FXD1/2022/10 (new) and FXD1/2021/25 (re-opened) with the aim of raising a total of KES 10.0 BN. The bids were priced at the weighted average rate of accepted bids of 13.490% for FXD1/2022/10 and 13.976% for FXD1/2021/25 (and adjusted for accrued interest). From the auction, the CBK received bids worth KES 6.0 BN for FXD1/2022/10 and KES 11.0 BN for FXD1/2021/25 (a total of KES 17.01 BN); and accepted KES 6.0 BN for FXD1/2022/10 and KES 11.0 BN for FXD1/2021/25 (a total of KES 16.97 BN). The coupon rates stand at 13.490% for FXD1/2022/10 and 13.924% for FXD1/2021/25.

Top Trades for the week ending 20 May 2022

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
17-May	FXD1/2020/5Yr	3.0	11.6670	11.7000	100.17	700.0
17-May	IFB 1/2021/21Yr	20.3	12.7370	13.0750	100.10	700.0
17-May	FXD2/2010/15Yr	3.6	9.0000	12.1000	95.03	532.0
16-May	FXD 1/2021/2Yr	0.6	9.4860	9.7000	103.13	500.0
16-May	IFB 1/2020/6Yr	4.0	10.2000	11.1000	102.83	500.0
18-May	IFB 1/2016/9Yr	3.0	12.5000	12.3500	100.37	500.0
18-May	IFB 1/2020/11Yr	9.2	10.9000	12.9500	93.81	500.0
19-May	IFB 1/2020/11Yr	9.2	10.9000	12.7500	94.65	500.0
20-May	FXD 1/2021/2Yr	0.6	9.4860	9.7000	103.23	400.0
19-May	FXD 1/2022/10Yr	10.0	13.4900	13.5000	100.05	300.0
19-May	IFB 1/2018/15Yr	10.7	12.5000	13.1500	100.68	300.0
16-May	IFB 1/2013/12Yr	3.3	11.0000	11.4750	100.37	298.8

Sell & buy-backs

18-May	IFB 1/2022/19Yr	18.7	12.9650	13.0800	102.30	635.0
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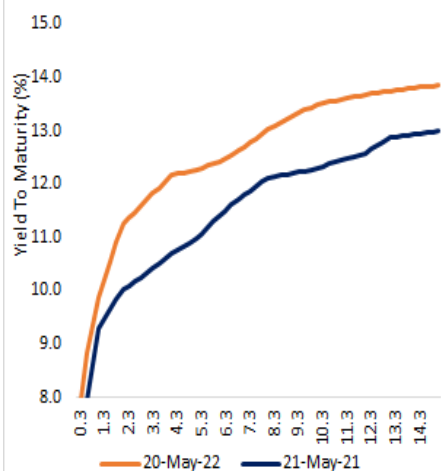
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 20 May 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	5.48	136.88	2.52	7.758	7.5
182-day	10.00	10.25	102.52	8.34	8.832	11.0
364-day	10.00	12.18	121.85	12.01	9.879	1.9

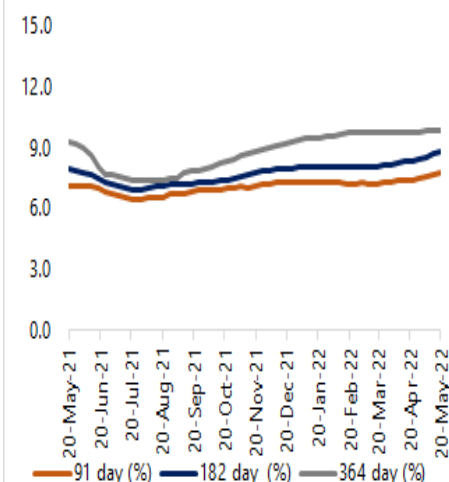
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News

Stanbic Bank 1Q22 earnings

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Stanbic Bank released its 1Q22 results recording a 12.0% y-o-y increase in profit after tax (PAT) to KES 2.1 BN.

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Stanbic Bank released its 1Q22 results recording a 12.0% y-o-y increase in profit after tax (PAT) to KES 2.1 BN. This was attributable to a 13.5% y-o-y increase in total income to KES 6.8 BN coupled with a 19.4% y-o-y decline in the loan loss provision expense to KES 491.3 MN. EPS for the period stood at KES 12.37 (+12.0% y-o-y).

Net interest income grew by 16.9% y-o-y to KES 3.7 BN, on the back of a 9.5% y-o-y increase in interest income to KES 5.3 BN. Interest expense declined 5.2% y-o-y to KES 1.5 BN, further supporting net interest income growth. As such, the net interest margin improved 23 bps y-o-y to stand at 5.2%.

Non-funded income was up 9.6% y-o-y to KES 3.0 BN, attributable to a 21.8% y-o-y jump in fees and commission income to KES 1.2 BN and a 9.5% y-o-y increase in net income from forex dealings to KES 1.7 BN. Funded income reliance in turn increased 159 bps y-o-y to stand at 55.3%.

Operating expenses (less loan loss provisions) increased by 20.6% y-o-y to KES 3.4 BN mainly on the back of a 27.9% y-o-y increase in staff costs to KES 1.7 BN and a 20.7% y-o-y increase in other expenses to KES 1.3 BN. The cost-to-income ratio stood at 49.6%, up 291 bps y-o-y.

Pre-provision operating profit increased 7.3% y-o-y to KES 3.4 BN. Loan loss provision expense saw a 19.4% y-o-y decline to KES 491.3 MN, placing the cost of risk at 1.0%, 59 bps lower y-o-y. As a result, profit before tax was up 13.7% y-o-y to KES 2.9 BN.

Customer loans and advances grew by 30.7% y-o-y to KES 206.5 BN (+11.4% q-o-q), pointing to increased customer lending. Investment securities in turn marked a 14.6% y-o-y decline to KES 45.9 BN (+12.0% q-o-q) while held for dealing securities declined 44.1% y-o-y to KES 13.7 BN (-26.1% q-o-q).

On the funding side, customer deposits saw a 3.7% y-o-y increase to KES 235.1 BN (-2.0% q-o-q) whilst borrowed funds saw a 23.0% y-o-y increase to KES 12.2 BN (+14.8% q-o-q). The loan-to-deposit ratio in turn jumped to 87.8%, up 1,812 bps y-o-y in accordance with the faster loan book growth.

Gross NPL declined 7.1% y-o-y to stand at KES 24.5 BN (+0.1% q-o-q), with the NPL ratio declining 370 bps y-o-y to 10.6% (-20 bps q-o-q). The NPL coverage ratio declined 174 bps y-o-y to stand at 39.7% (+52 bps q-o-q).

(Source: Company, DBIB Research)

Salient News cont'd

StanChart Group 1Q22 earnings

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StanChart Group released its 1Q22 results recording a 15.6% y-o-y increase in profit after tax (PAT) to KES 2.8 BN

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Standard Chartered Group released its 1Q22 results recording a 15.6% y-o-y increase in profit after tax (PAT) to KES 2.8 BN. Performance was supported by a 4.7% y-o-y increase in total income to KES 7.4 BN and a negative loan loss provision of KES 86.0 MN. EPS for the period stood at KES 6.87 (+10.5% y-o-y).

Net interest income grew by 7.2% y-o-y to KES 4.9 BN, on the back of a 1.8% y-o-y increase in interest income to KES 5.7 BN. Interest expense declined 23.6% y-o-y to KES 741.9 MN, supporting net interest income performance. As such, the net interest margin advanced 27 bps y-o-y to 8.7%.

Non-funded income remained relatively unchanged y-o-y at KES 2.5 BN. This comprised fees and commission income of KES 1.2 BN (-11.0% y-o-y), net income from forex dealings of KES 1.0 BN (+27.0% y-o-y) and other operating income of KES 229.0 MN (-21.5% y-o-y). Funded income reliance in turn increased 155 bps y-o-y to stand at 66.4%.

Operating expenses (less loan loss provisions) increased 9.2% y-o-y to KES 3.6 BN on the back of 1.4% y-o-y increase in staff costs to KES 1.7 BN and a 32.1% y-o-y increase in other operating expenses to KES 1.5 BN.

Pre-provision operating profit was up a marginal 0.9% y-o-y to KES 3.8 BN. The Group recorded a negative loan loss provision expense of KES 86.0 MN, placing the cost of risk at -0.3%, 167 bps lower y-o-y. As a result, profit before tax was up 15.7% y-o-y to KES 3.9 BN.

Customer loans and advances edged up by 8.7% y-o-y to stand at KES 128.1 BN (+1.7% q-o-q). Investment securities saw a 9.2% y-o-y decrease to KES 89.1 BN (-2.1% q-o-q) whereas held for dealing securities jumped 187.4% y-o-y to KES 12.2 BN.

On the funding side, customer deposits remained relatively unchanged y-o-y at KES 265.4 BN (also unchanged q-o-q). The loans-to-deposits ratio stood at 48.2%, up 397 bps y-o-y.

Gross NPL increased 1.2% y-o-y to stand at KES 22.6 BN, with the NPL ratio declining 92 bps y-o-y to stand at 15.0%. The NPL coverage ratio was up 242 bps y-o-y to 70.0%.

On a trailing basis, StanChart is trading at a P/E ratio of 5.0x against an industry median of 4.1x, and a P/B of 0.8x relative to an industry median of 0.7x. ROE stands at 16.9%, relative to an industry median of 14.8%, whereas ROA stands at 2.8%, relative to an industry median of 2.5%.

(Source: Company, DBIB Research)

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	07-Jul-22
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
Bamburi Cement	First & Final: KES 3.58	26-May-22	26-Jul-22
BOC Kenya	Final: KES 2.90	27-May-22	19-Jul-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
Crown Paints	First & Final: KES 4.00	28-Jun-22	15-Aug-22
Safaricom	Final: KES 0.75	STA*	STA*

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
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
KCB Group	10:00 a.m.	Virtual	03-Jun-22
NSE	11:00 a.m.	Virtual	03-Jun-22
Britam Holdings	10:00 a.m.	Virtual	08-Jun-22
Limuru Tea	11:00 a.m.	Sarova Panafric Htl	10-Jun-22
Kenya Re	11:00 a.m.	Virtual	17-Jun-22
BOC Kenya	11:00 a.m.	Virtual	23-Jun-22
DTB Group	11:00 a.m.	Virtual	30-Jun-22

(Source: Company filings , DBIB Research)

Htl: Hotel

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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