

DBIB WEEKLY BULLETIN

WEEK 22

Date: 02.06.2023

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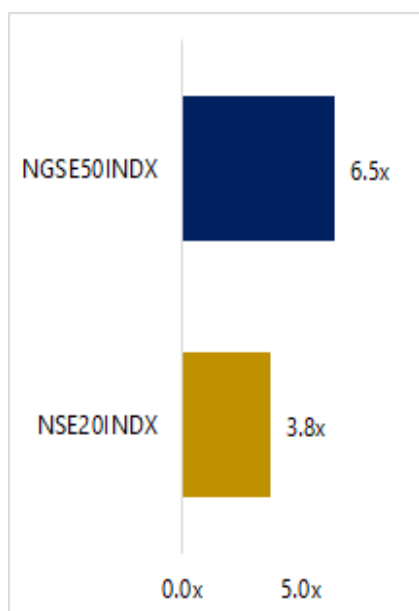
INDICES & MARKET METRICS MOVEMENT

NSE 20 rose by 4.6% w-o-w to close at 1,556.55 and **NASI rose** by 7.3% w-o-w to close at 105.10.

Weekly equity turnover dropped by 31.0% w-o-w to close at USD 7.02 MN (KES 973.7 MN).

USD | KES: KES weakened by 0.3% w-o-w to close at 138.61 (-12.3% year-to-date).

PEER P/E MULTIPLES



NSE20INDX* - NSE 20 Index
 NGSE50INDX* - Nigeria Stock Exchange 50 Index
 *LTM Price/EPS

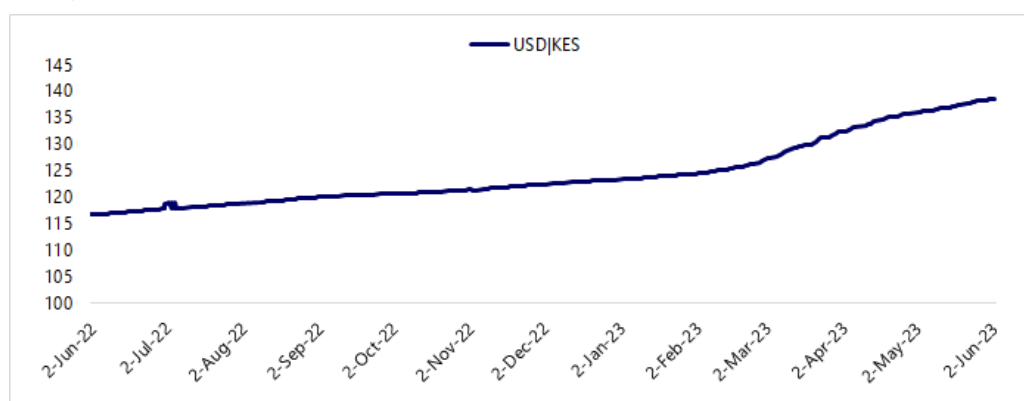
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	105.10	7.32	(16.70)	(16.86)	(17.55)
NSE-20	1,556.55	4.60	(4.75)	(5.66)	(7.13)
DBIB Select	103.46	1.92	(5.93)	6.18	(5.34)
MSCI Kenya (USD)	758.88	8.39	(28.70)	(32.19)	(31.28)
MSCI Frontier (USD)	478.51	1.07	(0.45)	(2.44)	1.31

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,636.57	7.35	1.99	(16.75)	(16.91)
Market Turnover (USD m)	7.02	(30.97)	6.97	(10.72)	(42.69)
Market P/E (x)	8.28	8.92	7.51	(20.94)	136.51
Market Div. yld (%) *	9.45	(74.69)	181.24	(234.69)	301.19
Market ROE (%) *	29.19	19.03	(804.99)	(1,356.97)	(600.88)

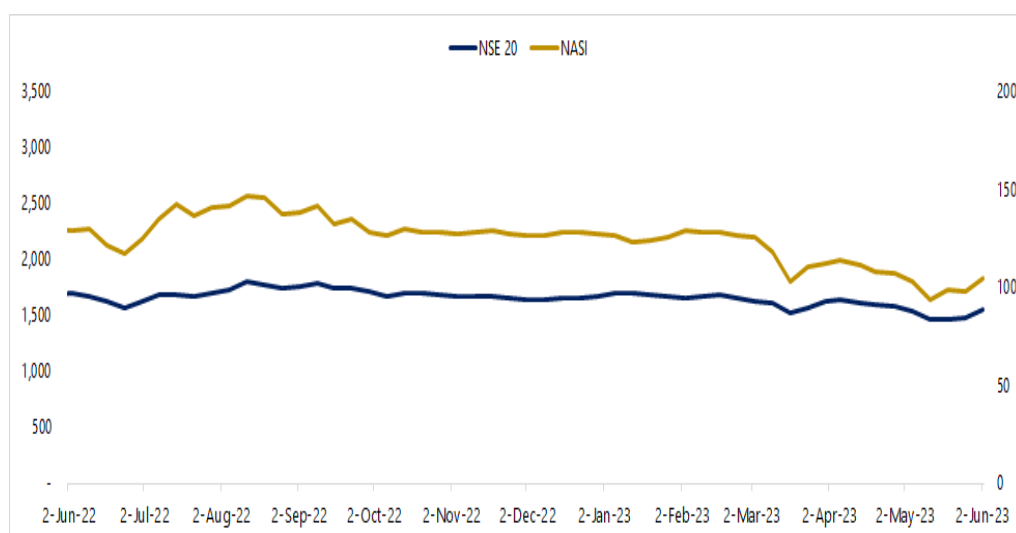
* Changes in % **Changes in bps -Market ROE is market cap weighted -ch: changes
 (Source: NSE, DBIB Research)

USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

Indices : 52-Week Trend



(Source: NSE, DBIB Research)

WEEKLY BOURSE WRAP UP...

Safaricom emerged as the top traded counter on the bourse recording a weekly turnover of USD 4.39 MN (KES 608.54 MN) representing 62.50% of this week's turnover.

The stock **rose** by 12.6% w-o-w to close at KES 16.95 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 60.89% of foreign sales and 45.55% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Olympia	19.0
B.O.C Kenya	16.9
Safaricom	12.6
Eveready	11.5
Britam	10.3

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Express	(17.0)
Uchumi	(10.0)
Sanlam	(8.5)
Longhorn	(6.8)
Kakuzi	(6.5)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	4.39
Co-op Bank	0.92
Equity Group	0.36
BAT	0.28
E.A. Breweries	0.24

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Eveready	152.2
Umeme	91.4
Kenya Orchards	44.2
HF Group	35.1
B.O.C	27.2

(Source: NSE, DBIB Research)

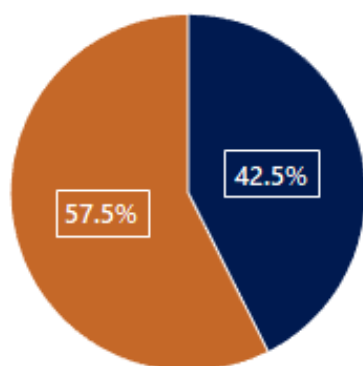


<u>Top Losers</u>	<u>%</u>
Car & General	(44.3)
Unga Group	(37.5)
NBV	(32.1)
Express	(30.4)
Safaricom	(29.8)

(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>
E.A Breweries	69.7
NBV Ltd	62.5
Kenya Power	59.8
Equity Group	53.8
HF Group	49.8

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
BOC Kenya	96.6
Nation Media	92.6
BAT Kenya	89.7
NBV Ltd	68.8
Safaricom	62.4

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
NBV	79.1
E.A. Breweries	79.0
Jubilee	58.6
Equity Group	48.7
Safaricom	45.5

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
NBV	96.7
Jubilee	94.9
BAT	81.5
E.A Breweries	79.8
NCBA	78.5

The **Bond market's** turnover for the week stood at USD 35.41 MN (KES 4.91 BN) representing a 67.2% w-o-w decrease from USD 108.19 MN (KES 14.96 BN) recorded the previous week.

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 35.41 MN (KES 4.91 BN) representing a 67.2% w-o-w decrease from USD 108.19 MN (KES 14.96 BN) recorded the previous week. The bond issue number IFB1/2023/17 (re-opened) emerged as the top traded bond with a turnover of KES 1.84 BN accounting for 37.5% of the week's turnover. The bond traded between 13.5000% and 14.9000%.

June Issue: IFB1/2023/007

The Central Bank of Kenya (CBK) has newly issued the infrastructure bond IFB1/2023/007 (7.0 yrs.) with the intention of raising KES 60.0 BN for the funding of infrastructure projects in the fiscal year 2022/2023. The coupon rate will be market determined. The period of sale runs from 26 May 2023 to 13 June 2023.

Top Trades for the week ending 02 June 2023

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
31-May	IFB1/2023/17Yr	16.7	14.3990	14.8500	100.54	800.0
30-May	FXD1/2013/10Yr	0.0	12.3710	10.6000	105.58	500.4
30-May	FXD1/2023/3Yr	2.9	14.2280	14.2280	100.57	443.4
2-Jun	IFB1/2023/17Yr	16.7	14.3990	14.0000	105.47	400.0
30-May	IFB1/2022/14Yr	13.4	13.9380	14.8000	96.16	272.0
31-May	IFB1/2022/14Yr	13.4	13.9380	14.5000	97.69	272.0
30-May	FXD1/2014/10Yr	0.6	12.1800	13.1200	103.89	200.0
2-Jun	FXD1/2011/20Yr	7.9	10.0000	11.4976	92.81	192.0
31-May	IFB1/2023/17Yr	16.7	14.3990	14.9000	100.26	150.0
2-Jun	IFB1/2023/17Yr	16.7	14.3990	14.5000	102.57	120.0
31-May	IFB1/2023/17Yr	16.7	14.3990	14.4000	103.06	104.5
30-May	IFB1/2023/17Yr	16.7	14.3990	14.6000	101.88	100.0
30-May	FXD1/2021/5Yr	3.4	11.2770	11.9400	98.62	70.0
31-May	IFB1/2022/14Yr	13.4	13.9380	13.3993	103.50	63.2
30-May	IFB1/2022/14Yr	13.4	13.9380	14.2323	99.02	43.1
29-May	IFB1/2023/17Yr	16.7	14.3990	14.3750	103.12	35.5

(Source: NSE, DBIB Research)

Sell & Buy Backs

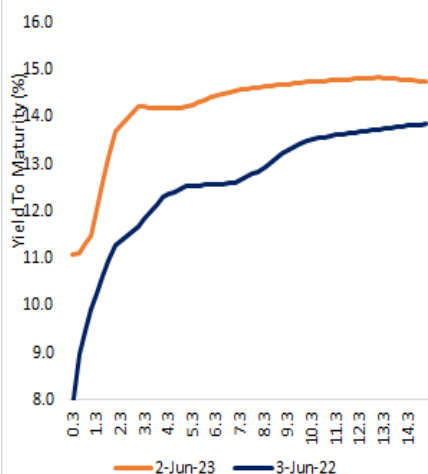
30-May	FXD1/2021/20Yr	18.1	13.444	14.5000	97.1442	300.0
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Treasury Bill auction for the week ending 02 June 2023

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	20.45	511.31	17.54	11.103	27.1
182-day	10.00	0.55	5.50	0.55	11.112	(0.1)
364-day	10.00	2.56	25.63	2.56	11.497	4.0

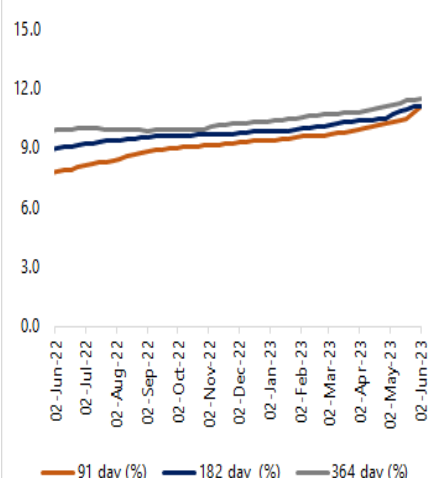
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News

I&M Group 1Q23 Results

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I&M Group released its 1Q23 results reporting a 2.0% y-o-y decline in after tax profits to KES 2.7 BN.
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I&M Group released its 1Q23 results reporting a 2.0% y-o-y decline in after tax profits to KES 2.7 BN. The group's financial performance was characterized by a 29.4% y-o-y growth in operating income to KES 9.6 BN, which was weighed down by a 241.5% y-o-y surge in loan loss provision expense to KES 1.6 BN and a 30.3% y-o-y rise in operating expenses (excluding provisions) to KES 4.4 BN. EPS for the period stood at KES 1.54 (1Q22: KES 1.55).

Net interest income advanced by 17.0% y-o-y to KES 6.1 BN, characterized by an 18.6% y-o-y growth in total interest income to KES 10.2 BN against a 20.2% y-o-y rise in total interest expenses to KES 4.1 BN.

Non-funded income improved by 58.8% y-o-y to KES 3.5 BN principally driven by a 135.4% y-o-y surge in foreign exchange trading income to KES 1.4 BN and a 16.9% y-o-y increase in other fees and commissions to KES 1.0 BN. Fees and commissions on loans and advances rose by 16.1% y-o-y to KES 576.6 MN while other income jumped by 106.0% y-o-y to KES 455.1 MN. Total operating income increased by 29.4% y-o-y to KES 9.6 BN. The contribution of non-funded income to total income improved by 673 bps y-o-y to 36.4% (1Q22: 29.7%).

Operating expenses (excluding provisions) climbed by 30.3% y-o-y to KES 4.4 BN largely buoyed by a 48.7% y-o-y rise in other expenses to KES 1.9 BN and an 18.8% y-o-y advancement in staff costs to KES 1.6 BN. Owing to the faster rise in operating expenses (excluding provisions) in comparison to operating income, the group's cost-to-income ratio (excluding provisions) rose by 31 bps y-o-y to 45.8%.

Loan loss provision expense surged by 241.5% y-o-y to KES 1.6 BN placing the group's estimated cost of risk at 2.5%, up 167 bps y-o-y. The group's gross non-performing loans increased by 24.0% y-o-y to KES 29.3 BN(+17.4% q-o-q). The estimated NPL ratio rose by 45 bps y-o-y to 10.2%.

Net loans and advances rose by 18.0% y-o-y to KES 257.7 BN (+8.0% q-o-q) while government and investment securities rose marginally by 1.2% y-o-y to KES 125.5 BN (11.0% q-o-q). **On the funding side, customer deposits improved by 4.9% y-o-y to KES 324.7 BN (+4.0% q-o-q)** while borrowed funds decreased by 12.9% y-o-y to KES 17.4 BN (+3.4% q-o-q).

On a trailing basis, I&M Group is currently trading at a P/E multiple of 2.3x against an industry median of 3.6x and a P/B multiple of 0.3x against an industry median of 0.6x. Its ROE stands at 14.2% while its ROA stands at 2.4%.

Source: Company filings, DBIB Research

Salient News

DTB Group 1Q23 Results

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DTB Group released its
1Q23 results reporting a
10.8% y-o-y growth in after
tax profits to KES 2.6 BN.
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DTB Group released its 1Q23 results reporting a 10.8% y-o-y growth in after tax profits to KES 2.6 BN. The group's financial performance was driven by a 59.1% y-o-y jump in non-funded income to KES 2.8 BN and a 20.7% y-o-y growth in net interest income to KES 6.7 BN. EPS for the period stood at KES 8.65 (1Q22: KES 7.79).

Net interest income advanced by 20.7% y-o-y to KES 6.7 BN, characterized by a 32.1% y-o-y growth in total interest income to KES 12.2 BN against a 49.2% y-o-y rise in total interest expenses to KES 5.5 BN.

Non-funded income improved by 59.1% y-o-y to KES 2.8 BN principally driven by a 90.1% y-o-y surge in foreign exchange trading income to KES 1.5 BN and a 26.5% y-o-y increase in other fees and commissions to KES 701.9 MN. Fees and commissions on loans and advances rose by 26.6% y-o-y to KES 398.3 MN while other income jumped by 94.3% y-o-y to KES 241.5 MN. Total operating income increased by 30.0% y-o-y to KES 9.5 BN. The contribution of non-funded income to total income improved by 542 bps y-o-y to 29.6% (1Q22: 24.2%).

Operating expenses (excluding provisions) climbed by 35.6% y-o-y to KES 4.5 BN largely buoyed by a 32.0% y-o-y rise in other expenses to KES 1.8 BN and a 40.1% y-o-y advancement in staff costs to KES 2.0 BN. Owing to the faster rise in operating expenses (excluding provisions) in comparison to operating income, the group's cost-to-income ratio (excluding provisions) rose by 196 bps y-o-y to 47.3%.

Loan loss provision expense surged by 134.7% y-o-y to KES 1.4 BN placing the group's annualized cost of risk at 2.0%, up 100 bps y-o-y. The group's gross non-performing loans increased by 17.1% y-o-y to KES 35.1 BN (+8.9% q-o-q). The estimated NPL ratio eased by 27 bps y-o-y to 11.5%.

Net loans and advances rose by 20.3% y-o-y to KES 270.4 BN (+6.6% q-o-q) while government and investment securities rose by 16.7% y-o-y to KES 197.3 BN (+4.8% q-o-q). **On the funding side, customer deposits improved by 17.9% y-o-y to KES 404.6 BN (+4.4% q-o-q)** while borrowed funds increased by 60.0% y-o-y to KES 25.7 BN (+0.9% q-o-q).

On a trailing basis, DTB Group is currently trading at a P/E multiple of 2.0x against an industry median of 3.7x and a P/B multiple of 0.2x against an industry median of 0.7x. Its ROE stands at 8.6% while its ROA stands at 1.1%.

Source: Company filings, DBIB Research

Salient News

Absa Group 1Q23 Results

.....
Absa Group released its 1Q23 results reporting a 50.7% y-o-y growth in after tax profits to KES 4.5 BN.
.....

ABSA Group released its 1Q23 results reporting a 50.7% y-o-y growth in after tax profits to KES 4.5 BN. Profitability growth was driven by a 36.0% y-o-y rise in net interest income to KES 9.4 BN and a 49.3% y-o-y growth in non-funded income to KES 4.5 BN. EPS for the period stood at KES 0.82 (1Q22: KES 0.54).

Net interest income advanced by 36.0% y-o-y to KES 9.4 BN, characterized by a 38.3% y-o-y growth in total interest income to KES 12.1 BN against a 46.8% y-o-y rise in total interest expenses to KES 2.8 BN.

Non-funded income improved by 49.3% y-o-y to KES 4.5 BN principally driven by a 79.9% y-o-y surge in foreign exchange trading income to KES 2.2 BN and a 36.5% y-o-y increase in other fees and commissions to KES 1.6 BN. Fees and commissions on loans and advances rose by 4.9% y-o-y to KES 329.7 MN while other income rose by 22.1% y-o-y to KES 400.1 MN. Total operating income increased by 40.0% y-o-y to KES 13.9 BN. The contribution of non-funded income to total income improved by 201 bps y-o-y to 32.5% (1Q22: 30.5%).

Operating expenses (excluding provisions) climbed by 14.0% y-o-y to KES 5.0 BN largely buoyed by an 18.8% y-o-y rise in staff costs to KES 2.7 BN and an 9.2% y-o-y advancement in other expenses to KES 2.1 BN. Owing to the faster rise in total operating income vis-à-vis operating expenses (excluding provisions), the group's cost-to-income ratio (excluding provisions) eased by 830 bps y-o-y to 36.3%.

Loan loss provision expense surged by 103.3% y-o-y to KES 2.4 BN placing the group's annualized cost of risk at 3.1%, up 115 bps y-o-y. The group's gross non-performing loans increased by 59.7% y-o-y to KES 31.1 BN (+38.3% q-o-q). The estimated NPL ratio rose by 169 bps y-o-y to 9.1%.

Net loans and advances rose by 27.7% y-o-y to KES 310.0 BN (+9.3% q-o-q) while government and investment securities eased by 1.8% y-o-y to KES 134.3 BN (+0.6% q-o-q). **On the funding side, customer deposits improved by 15.3% y-o-y to KES 310.8 BN (+2.3% q-o-q)** while borrowed funds came in at KES 4.2 BN (-0.9% q-o-q).

On a trailing basis, ABSA Group is currently trading at a P/E multiple of 3.8x against an industry median of 3.7x and a P/B multiple of 0.9x against an industry median of 0.7x. Its ROE stands at 23.7% while its ROA stands at 3.1%.

Source: Company filings, DBIB Research

Salient News

May inflation rate stands at 8.0%

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The annual headline **inflation rate** increased to 8.0% in May 2023 from 7.9% in April 2023.

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The annual headline inflation rate increased to 8.0% in May 2023 from 7.9% in April 2023. The monthly inflation rate for May 2023 came in at 0.9%, compared to the monthly inflation rate of 0.5% in April 2023. The increase in annual inflation was primarily driven by increased prices of commodities under food and non-alcoholic beverages (index inched higher by 10.2% y-o-y); housing, water, electricity, gas and other fuels (index rose by 9.7% y-o-y); transport (index went up by 10.1%); and restaurants and accommodation services (index increased by 6.1% y-o-y).

Source: KNBS

UPCOMING EVENTS

Profit Warnings

1. KPLC

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Limuru Tea	Final: KES 2.50	14-Apr-23	30-Jun-23
I&M Group	First & Final: KES 2.25	20-Apr-23	25-May-23
StanChart Bank	Final: KES 16.00	21-Apr-23	25-May-23
ABSA Bank	Final: KES 1.15	28-Apr-23	25-May-23
NCBA Group	Final: KES 2.25	28-Apr-23	31-May-23
CIC Insurance	Final: KES 0.13	08-May-23	26-May-23
DTB Kenya	First & Final: KES 5.00	12-May-23	15-Jun-23
Stanbic Holdings	First & Final: KES 12.60	19-May-23	06-Jun-23
Equity Group	First & Final: KES 4.00	19-May-23	30-Jun-23
Co-op Bank	First & Final: KES 1.50	24-May-23	09-Jun-23
BAT Kenya	Final: KES 52.00	26-May-23	15-Jun-23
Bamburi	First & Final: KES 0.75	27-May-23	27-Jul-23
Kakuzi	First & Final: KES 24.00	31-May-23	15-Jun-23
NSE	First & Final: KES 0.20	31-May-23	31-Jul-23
BOC Kenya	Final: KES 4.45	31-May-23	21-July-23
Sasini	Interim: KES 1.00	02-Jun-23	03-July-23
Jubilee Holdings	Special & Final: KES 11.00	14-Jun-23	26-Jul-23
TotalEnergies	First & Final: KES 1.31	15-Jun-23	31-Jul-23
Kenya Re	Final: KES 0.20	16-Jun-23	28-Jul-23
Nation Media	Final: KES 1.50	16-Jun-23	31-Jul-23
BK Group	First & Final: RWF 32.5	22-Jun-23	01-Jul-23
Umeme Ltd	Final: USH 63.90	30-Jun-23	20-Jul-23
Crown paints	Final: KES 4.00	28-Jun-23	14-Aug-23
Safaricom	Final: KES 0.62	STA*	STA*

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Sanlam Kenya	10:00 a.m.	Virtual	07-Jun-23
Sameer Africa	10:00 a.m.	Virtual	09-Jun-23
BAT Kenya	9:00 a.m.	Virtual	15-Jun-23
E.A Cables	11:00 a.m.	Virtual	15-Jun-23
Total Energies	12:00 a.m.	Virtual	15-Jun-23
Bamburi	2:30 p.m.	Virtual	15-Jun-23
Kenya Re	11:00 a.m.	Virtual	16-Jun-23
BOC Kenya	11:00 a.m.	Virtual	22-Jun-23
Standard Group	11:00 a.m.	Virtual	23-Jun-23
Flame Tree	11:00 a.m.	Virtual	30-Jun-23

(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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RESEARCH TEAM

Email: research@dyerandblair.com | Contact: +254 709 930 128