

DBIB WEEKLY BULLETIN

WEEK 21

Date: 24.05.2024

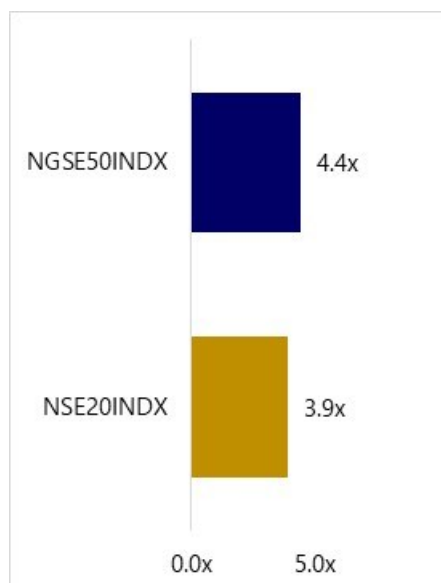
Contents:

Equity Market Sum Up	2
Fixed Income Wrap Up	5
Salient News	6
Corporate Actions	8
Appendix	9



INDICES & MARKET METRICS MOVEMENT

PEER P/E MULTIPLES



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

*LTM Price/EPS

(Source: Bloomberg, DBIB Research)

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	113.10	2.34	21.84	27.15	22.79
NSE-20	1,717.43	0.73	11.76	20.93	14.41
DBIB Select	91.51	0.83	10.49	13.25	11.57
MSCI Kenya (USD)	865.10	1.40	39.47	47.50	<u>56.43</u>
MSCI Frontier (USD)	527.37	(0.09)	3.06	9.66	<u>4.02</u>

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,767.05	2.35	5.15	21.83	27.15
Market Turnover (USD m)	16.94	151.26	55.09	96.25	62.84
Market P/E (x)	7.91	2.32	(1.61)	2.56	7.76
Market Div. yld (%) *	7.88	(18.50)	230.00	223.11	(274.26)
Market ROE (%) *	22.46	18.12	(76.73)	(293.66)	(610.71)

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

(Source: NSE, DBIB Research)

Exchange Rate Statistics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
KES/USD*	131.73	(0.76)	8.56	0.13	0.04
KES/GBP*	167.80	(1.42)	7.67	0.10	0.02
KES/EUR*	143.03	(0.77)	8.16	0.12	0.04
Fx Reserve (USD MN)*	6,989.00	(1.98)	(3.21)	0.02	0.08
Fx reserve: Import Cover**	3.70	(10.00)	(0.20)	-	0.10
Inflation**	5.00	-	(131.00)	(180.00)	(303.00)
CBR**	13.00	-	-	250.00	350.00

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

(Source: NSE, DBIB Research)

Weekly Market Summary

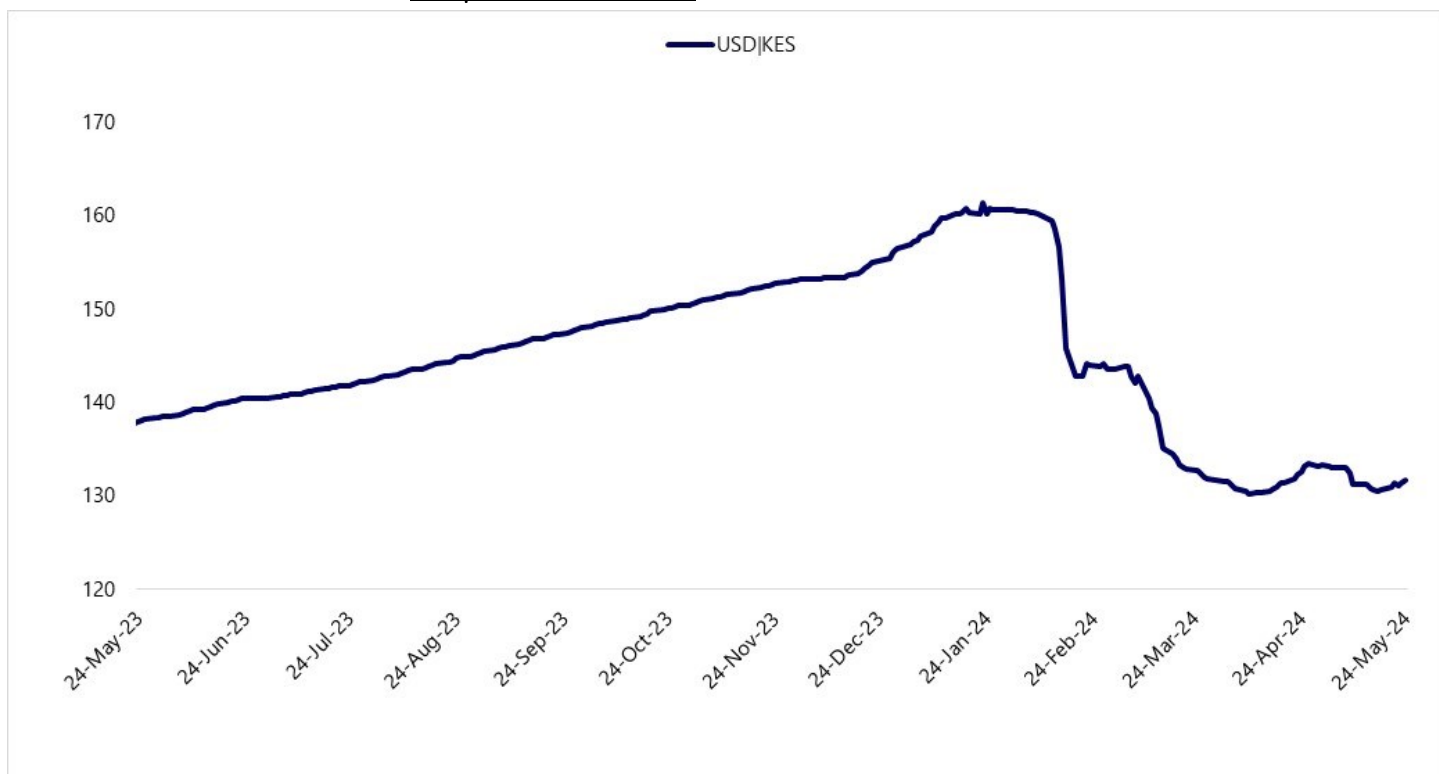
NSE 20 and **NASI** rose 0.7% and 2.3% w-o-w to close at 1717.43 and 113.10 respectively.

Weekly equity turnover advanced by 151.3% w-o-w to close at USD 16.94 MN (KES 2.23 BN).

USD | KES: KES weakened by 0.76% w-o-w to close at 131.73 (15.8% year-to-date).

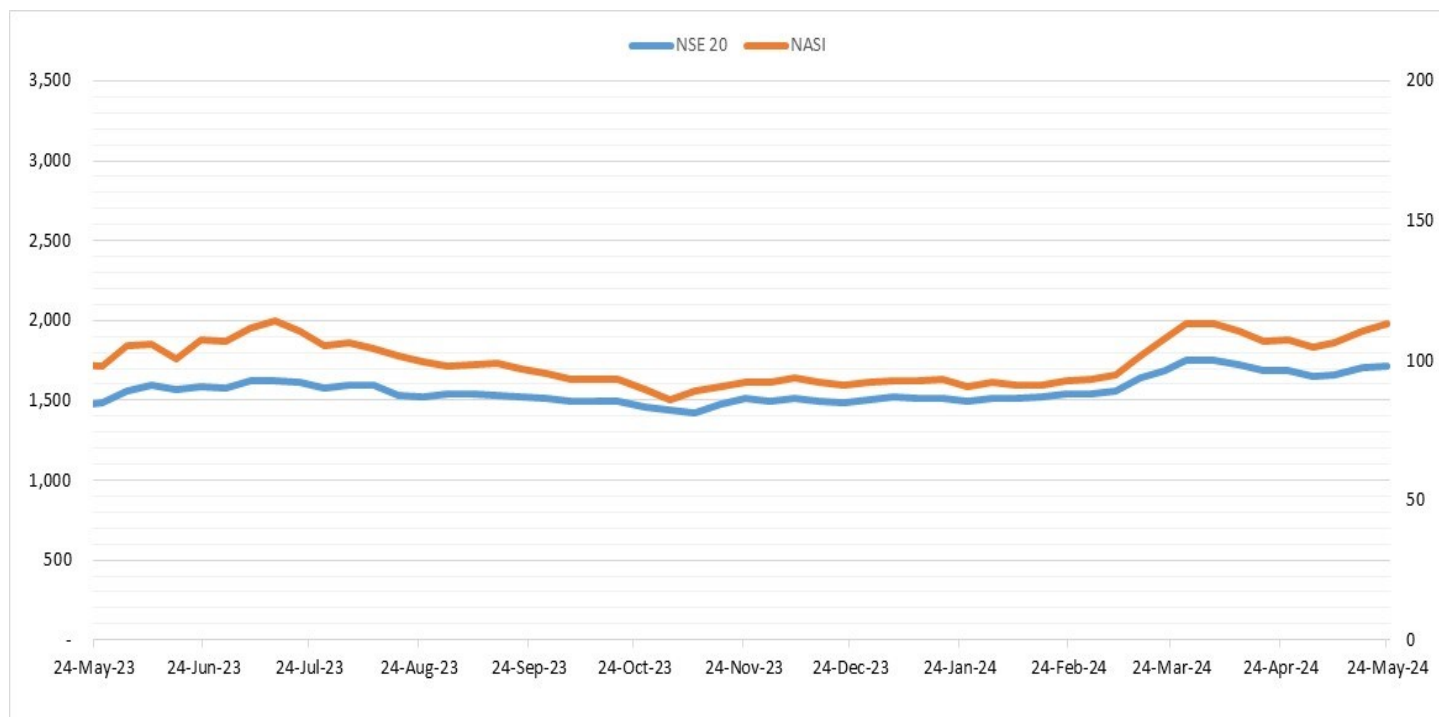
INDICES & MARKET METRICS MOVEMENT

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 6.96 MN (KES 0.92 BN) representing 41.06% of this week's turnover.

The stock increased 2.0% w-o-w to close at KES 17.75 on Friday.

Foreign investors assumed a **net buying position** on the counter this week by accounting for **83.91%** of foreign sales and **31.70%** of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
E.A.Portland Cement	12.0
KCB Group	10.4
NSE	8.0
WPP Scangroup	7.9
NCBA Group	7.2

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Stanbic Holdings	(12.8)
Flame Tree Group	(9.2)
Nation Media Group	(8.0)
B.O.C Kenya	(5.6)
Eveready E.A.	(3.9)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	6.96
Equity Group	3.83
KCB Group	3.58
BAT Kenya	0.57
DTB Kenya	0.40

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
KCB Group	60.5
Liberty Kenya	51.8
Equity Group	38.4
E.A. Breweries	38.2
Bamburi Cement	33.9

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Express Kenya	(18.9)
Standard Group	(16.3)
NBV	(16.2)
TPS Eastern Africa	(15.5)
Olympia Capital	(14.4)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Safaricom	81.4
KCB Group	66.0
Equity Group	63.1
Absa Bank	34.7
Stanchart Bank	12.8

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
E.A. Breweries	92.1
Crown Paints	75.3
Equity Group	73.9
Kapchorua Tea	68.0
Safaricom	64.3

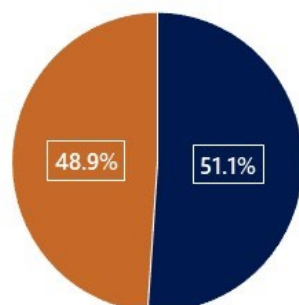
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
BK Group	96.6
E.A. Breweries	77.2
Crown Paints	73.2
Equity Group	71.2
Umeme	70.7

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Umeme	80.7
Safaricom	79.6
Equity Group	78.9
KenGen	75.1
Centum	73.6

WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation
■ Local Participation

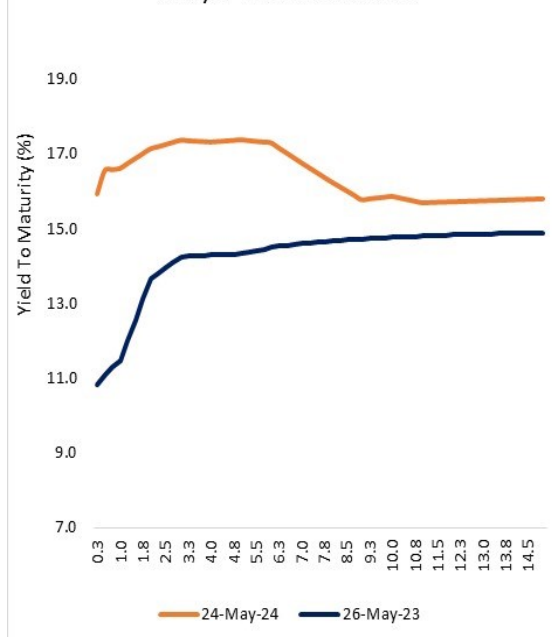
(Source: NSE, DBIB Research)

FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 170.41 MN (KES 22.45 BN) representing a 22.9% w-o-w decrease from USD 220.95 MN (KES 28.88 BN) recorded the previ-

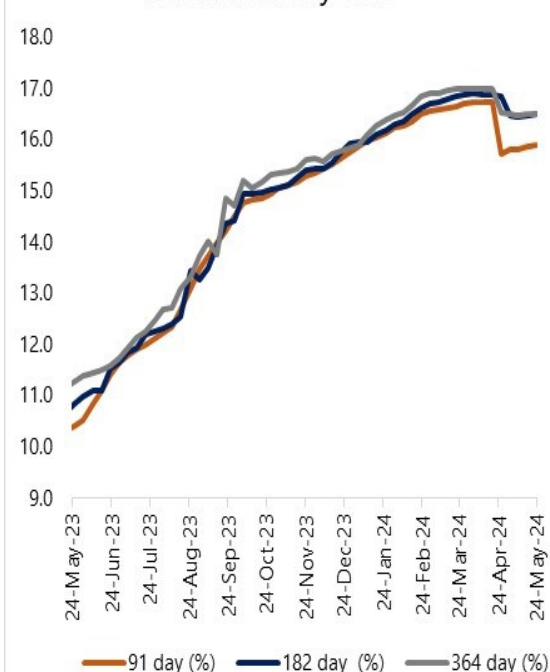
The Bond market's turnover for the week stood at USD 170.41 MN (KES 22.45 BN) representing a 22.9% w-o-w decrease from USD 220.95 MN (KES 28.88 BN) recorded the previous week. The bond issue number IFB1/2024/8.5Yr emerged as the top traded bond with a turnover of KES 8.08 BN accounting for 36.0% of the week's turnover. The bond traded between 15.8000% and 16.4365%.

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Top Trades for the week ending 24 May 2024

						Total
		Coupon	Yield	Price	Value	
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
20-May	FXD1/2022/3Yr	0.9	11.7660	15.8250	98.09	1,020.0
20-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9750	110.05	1,000.0
24-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0500	109.96	1,000.0
24-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0250	110.06	1,000.0
20-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0000	109.96	958.2
24-May	IFB1/2023/6.5Yr	6.0	17.9327	16.7904	103.85	850.0
24-May	IFB1/2023/6.5Yr	6.0	17.9327	16.7750	103.90	850.0
23-May	FXD1/2022/3Yr	0.9	11.7660	16.7500	97.50	700.0
23-May	FXD1/2020/5Yr	1.0	11.6670	16.7500	96.21	700.0
23-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9500	110.30	700.0
21-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9000	110.40	676.0
23-May	FXD1/2023/3Yr	2.0	14.2280	17.3000	95.42	585.7
23-May	FXD1/2023/3Yr	2.0	14.2280	17.0000	95.89	585.7
22-May	FXD1/2023/5Yr	4.1	16.8440	17.2000	104.82	500.0
23-May	FXD1/2018/15Yr	9.0	12.6500	16.1000	84.00	500.0
22-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0000	110.06	400.0
23-May	FXD1/2013/15Yr	3.7	11.2500	17.8500	85.27	384.8
22-May	IFB1/2023/6.5Yr	6.0	17.9327	16.7500	103.88	300.0
23-May	FXD1/2024/3Yr	2.6	18.3854	16.8750	109.56	300.0
23-May	FXD1/2013/15Yr	3.7	11.2500	17.4839	86.17	300.0
21-May	FXD1/2008/20Yr	4.0	13.7500	17.6250	95.19	250.0
21-May	IFB1/2023/6.5Yr	6.0	17.9327	16.8500	103.53	250.0
23-May	FXD1/2023/5Yr	4.1	16.8440	17.3000	104.59	250.0
23-May	IFB1/2024/8.5Yr	8.2	18.4607	16.8500	110.69	250.0
24-May	FXD1/2023/5Yr	4.1	16.8440	17.1000	105.21	250.0
22-May	FXD1/2020/15Yr	10.7	12.7560	16.0000	86.80	220.0
24-May	IFB1/2024/8.5Yr	8.2	18.4607	16.8500	110.74	215.0

Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 24 May 2024

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	7.10	177.61	7.02	15.945	0.8
182-day	10.00	11.65	116.50	11.41	16.564	4.6
364-day	10.00	5.28	52.81	5.28	16.623	9.4

(Source: NSE, DBIB Research)

Salient News

KCB Group 1Q4 Earnings

.....
KCB Group released its 1Q24 results reporting a 69.0% y-o-y growth in after tax profits to KES 16.5 BN.
.....

KCB Group released its 1Q24 results reporting a 69.0% y-o-y growth in after tax profits to KES 16.5 BN. The group's performance was characterized by a 17.8% y-o-y jump in non-funded income to KES 17.4 BN and an 40.8% y-o-y surge in net interest income to KES 31.1 BN. The annualized EPS for the period stood at KES 20.52 (1Q23: KES 12.61).

Net interest income advanced by 40.8% y-o-y to KES 31.1 BN, characterized by a 46.0% y-o-y growth in total interest income to KES 49.1 BN against a 56.0% y-o-y rise in total interest expenses to KES 18.0 BN.

Non-funded income went up by 17.8% y-o-y to KES 17.4 BN principally driven by a 81.2% y-o-y surge in foreign exchange trading income to KES 4.8 BN, a 10.7% y-o-y rise in other operating income to KES 2.6 BN and a 2.0% y-o-y increase in other fees and commissions to KES 7.2 BN. Fees and commissions on loans and advances edged up by 3.4% y-o-y to KES 2.8 BN. Total operating income jumped by 31.6% y-o-y to KES 48.5 BN. The contribution of non-funded income to total income declined by 420 bps y-o-y to 35.9% (1Q23: 35.9%).

Operating expenses (excluding provisions) climbed by 11.3% y-o-y to KES 21.0 BN largely fueled by a 13.6% y-o-y rise in other expenses to KES 8.4 BN and a 3.1% y-o-y rise in staff costs to KES 9.7 BN. The group's cost-to-income ratio (excluding provisions) fell by 789 bps y-o-y to 43.4% (1Q23: 37.6%).

Loan loss provisions jumped by 53.4% y-o-y to KES 6.3 BN as gross non-performing loans for the group increased by 16.3% y-o-y to KES 205.3 BN (-1.4% q-o-q). The NPL ratio increased by 83 bps y-o-y to 16.8%. The sectors with the highest NPL ratios were manufacturing, trade, transport and construction.

Net loans and advances rose by 9.5% y-o-y to KES 1.0 TN (-7.2% q-o-q) in comparison to a 32.0% y-o-y rise in government and investment securities to KES 393.0 BN (-1.0% q-o-q). On the funding side, customer deposits increased by 25.4% y-o-y to KES 1.5 TN (-11.2% q-o-q) while borrowed funds increased by 21.5% y-o-y to KES 76.1 BN (-14.2% q-o-q).

On a trailing basis, KCB Group is currently trading at a P/E multiple of 2.4x against an industry median of 3.3x and a P/B multiple of 0.4x against an industry median of 0.7x. Its ROE stands at 19.0% while its ROA stands at 2.2%.

(Source: Company filings, DBIB Research).

Salient News

NCBA Group 1Q24 Earnings

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NCBA Group
has released its 1Q24
results reporting a 4.7%
y-o-y increase in after-
tax profits to KES 5.3 BN
.....

NCBA Group has released its 1Q24 results reporting a 4.7% y-o-y increase in after-tax profits to KES 5.3 BN. This was occasioned by a 1.2% y-o-y decline in net interest income to KES 8.3 BN, a 7.4% y-o-y increase in non-funded income to KES 7.7 BN and a 30.9% y-o-y drop in loan loss provisions to KES 1.3 BN. EPS for the period stood at KES 3.22 compared to KES 3.08 reported in 1Q23.

Net interest income declined by 1.2% y-o-y to KES 8.3 BN, weighed down by a 70.8% y-o-y surge in interest expense to KES 10.8 BN compared to 29.8% y-o-y growth in interest income to KES 19.1 BN, marking a much slower growth in interest income vis-a-vis the increase in interest expense.

Non-funded income went up by 7.4% y-o-y to KES 7.7 BN courtesy of a 16.9% y-o-y increase in fees and commissions income to KES 4.6 BN and a 31.8% y-o-y growth in other operating income to KES 718.6 MN. Net income from forex dealings on the other hand declined by 11.9% y-o-y to KES 2.3 BN on the back of currency appreciation during the quarter. Total income therefore inched higher by 2.8% y-o-y to KES 16.0 BN. The contribution of non-funded income to total income in turn rose to 48.3% compared to 46.2% in 1Q23.

Operating expenses (less loan loss provisions) rose by 12.4% y-o-y to KES 8.1 BN mainly owing to a 12.1% y-o-y increase in other operating expenses to KES 3.9 BN and an 11.4% y-o-y increase in staff costs to KES 3.2 BN. The group's cost-to-income ratio rose by 432 bps y-o-y to 50.6%.

Loan loss provisions dropped by 30.9% y-o-y to KES 1.3 BN, placing the annualized cost of risk at 1.7% (1Q23: 2.7%). Gross non-performing loans increased marginally by 1.1% y-o-y to KES 40.2 BN, pivoting the group's NPL ratio to 11.1%, 102 bps lower y-o-y.

Net customer loans and advances scaled by 11.6% y-o-y to KES 320.5 BN (-4.9% q-o-q) while investment securities declined by 9.0% y-o-y to KES 214.2 BN (-11.3% q-o-q). On the funding side, customer deposits edged up by 9.7% y-o-y to KES 548.1 BN (-5.4% q-o-q) while borrowed funds increased by 17.5% y-o-y to KES 5.0 BN (-22.3% q-o-q).

On a trailing basis, NCBA is trading at a P/E multiple of 3.0x compared to the industry median of 3.3x and a P/B multiple of 0.7x, at par with the industry median. Its ROE stands at 22.0% while its ROA stands at 3.1%.

(Source: Company filings, DBIB Research).

UPCOMING EVENTS

Profit Warnings

1. Car & General
2. Eaagads

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
BAT Kenya	Final: KES 45.00	24-May-24	26-Jun-24
Stanbic	Final: KES 14.20	17-May-24	06-Jun-24
Standard Chartered	Final: KES 23.00	19-Apr-24	30-May-24
Kakuzi	First & Final: KES 24.00	31-May-24	15-Jun-24
Co-operative Bank	First & Final: KES 1.50	29-Apr-24	10-Jun-24
Limuru Tea	Final: KES 1.00	15-Apr-24	30-Jun-24
Umeme	Final: UGX 54.20	28-Jun-24	19-Jul-24
DTB Kenya	First & Final: KES 6.00	24-May-24	28-Jun-24
Equity Group	First & Final: KES 4.00	24-May-24	28-Jun-24
NCBA Group	Final: KES 3.00	30-Apr-24	29-May-24
NSE	Final: KES 0.16	30-May-24	31-Jul-24
Bamburi	Final: KES 5.47	24-May-24	25-Jul-24
Liberty Kenya	Final: KES 0.373	STA*	STA*
TotalEnergies	First & Final: KES 1.92	27-Jun-24	31-Jul-24
Safaricom	Final: KES 0.65	31-Jul-24	31-Aug-24
BOC Kenya	First & Final: KES 6.05	31-May-24	21-Jul-24
Laptrust Imara	First & Final: KES 0.57	STA*	STA*

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
HF Group	11:00 a.m.	Virtual	28-May-24
NSE	11:00 a.m.	Virtual	29-May-24
NCBA	10:00 a.m.	Virtual	29-May-24
CIC Insurance	10:00 a.m.	Virtual	07-Jun-24
Bamburi Cement	2:30 p.m.	Virtual	13-Jun-24
BOC Kenya	11:00 a.m.	Virtual	21-Jun-24
DTB Kenya	10:00 a.m.	Virtual	21-Jun-24
Car & General Kenya	10:00 a.m.	Hybrid	25-Jun-24
BAT Kenya	10:00 a.m.	Virtual	26-Jun-24
Equity Group	10:00 a.m.	Virtual	26-Jun-24
Sanlam	10:00 a.m.	Virtual	26-Jun-24
TotalEnergies	10:00 a.m.	Virtual	27-Jun-24

(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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