

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 157.66	-1.5%	12.3%	USD Mn – 23,429 KES Bn – 2,361
	NSE 20 Share Index - 2846.35	-1.3%	0.4%	USD Mn – 20,136 KES Bn – 2,029
	NSE 25 Share Index - 3,935.99	-1.1%	10.8%	USD Mn – 21,881 KES Bn – 2,204
UGANDA	UGSINDX – 1,749.27	-2.0%	6.1%	USD Mn – 6,436 UGS Bn – 23.910
TANZANIA	DSEI – 2,060.29	-1.5%	0.9%	USD Mn – 8,674 TZS Bn – 19,859
*RWANDA	RSEASI – 135.81	-	3.5%	USD Mn – 3,435 RWF Bn – 3,053

Source: NSE, DSE, UGSE, *RSE- figures used are as at 28th March 2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –100.75	-	1.1%	4.1%(02/2019)	6.0%(3Q2018)
UGS/USD 3,715.19	-0.4%	-	3.0%(01/2019)	6.4%(3Q17/18)
TZS/USD –2,289.50	-	-0.4%	3.0%(01/2019)	7.1%(FY2017)
RWF/USD – 888.86	-0.1%	-1.1%	1.0%(01/2019)	7.7%(3Q2018)

Source: CBK, BOT, NBR, KNBS, UBOS, NBS, NISR, BOU

Equity Posts a 4.8% y/y Growth in After Tax Profits for FY2018

Equity Group registered a 4.8% y/y growth in after tax profits to KES19.8 billion from KES 18.9 billion posted in FY2017. The increase in profitability was due to growth in net interest income and subdued growth in operating expenses. Total interest income grew by 10.0% y/y to KES 53.2 billion. The growth in total interest income was predominantly due to a 21.7% y/y increase in income from government securities to KES 16.3 billion (as the Group's holdings of government securities grew by 25.7% y/y to KES 161.0 billion) and a 7.5% y/y growth in income from loans and advances to customers to KES 36.4 billion (as net loans and advances to customers rose by 6.5% y/y to KES 297.2 billion). The yield on government securities declined by 40 bps to 11.3% due to the declining interest rate environment (in Kenya) in the year. However, yield on loans rose by 20bps to 12.6% which we believe was partly due to greater contribution of interest income from loans & advances and loan book growth from regional subsidiaries. Total interest expenses grew by 8.9% y/y to KES 11.8 billion predominantly driven by a surge in expenses from customer deposits by 16.7% y/y to KES 9.4 billion. Customer deposits grew by 13.3% y/y to KES 422.3 billion. The cost of deposits rose by 10bps to 2.4%. The cost funds remained flat at 2.7%. Total net interest income grew by 10.3% y/y to KES 41.4 billion. Net interest margin remained flat at 8.5%. Non-funded income(NFI) dipped by 6.3% y/y to KES 25.9 billion with NFI to operating income also dipping to 38.4% (FY2017: 42.3%). The decline in non-funded income for was attributed to (i) implementation of effective interest rate (EIR) accounting procedures (income from fees and commissions is to be amortized over the life of the loan) which lowered income from fees and commissions on loans and advances by 16.6% y/y to KES 4.9 billion and (ii) decision by management (promotional activity) to waive transaction fees in order to attract more customers and grow transactions (resulted in a surge in customer deposits). This slowed down growth in other fees and commissions. Total operating expenses (excl. provisions) grew marginally (+0.7% y/y) to KES 35.1 billion. The cost to Income(C/I) ratio (excl. provisions) fell to 52.2% (FY2017: 53.5%). Loan loss provisions grew by 8.2% y/y to KES 3.7 billion on the back of a 33.7% y/y growth in gross non-performing loans to KES 24.0 billion. The Group NPL ratio deteriorated to 7.6% (FY2017: 6.3%). We note that Tanzania had significantly higher NPLs (25.7%) compared to the other subsidiaries due to government policy issues in the country. The major highlight for us was the growth in interest

income from loans & advances and the loan book which indicates a shift the Group's defensive strategy. This however comes at a higher cost of risk. We expect the Group to continue leveraging on its digital assets for efficiencies and revenue generation and also continue reaping the benefits of geographical diversification.

Britam Posts an After Tax Loss of KES 2.2 billion for FY2018

Britam Holdings Plc posted an after tax loss of KES 2.2 billion in FY2018 from an after tax profit of KES 527.5 million registered in FY2017. According to management, the performance dipped on account of unrealized loss in listed equities, lower returns on property investments (owing to a depressed property market), one-off restructuring costs and IFRS9 led provisioning. Total income fell by 5.2% y/y to KES 26.4 billion, predominantly due to the recognition of a KES 3.1 billion unrealized loss on financial assets (listed equities). Total income was however, buoyed by a 21.9% y/y rise in interest and dividend income to KES 6.2 billion and a 3.8% y/y growth in net earned premiums to KES 21.1 billion, partly supported by a robust growth in the group's life assurance business (which registered higher growth compared to the industry). Total expenses advanced by 5.1% y/y to KES 28.4 billion primarily owing to a 14.0% y/y increase in net insurance benefits and claims to KES 14.2 billion and a 12.1% y/y rise in operating and other expenses to KES 8.2 billion. Consequently, the group recorded a 600 bps increase in the loss ratio (net Insurance claims & benefits/net earned premiums) to 67.6% (FY2017: 61.6%) and a 170 bps rise in the expense ratio (total operating expenses/net earned premiums) to 134.8% (FY2017: 133.1%). We remain concerned about the group's significant exposure to listed equities. This coupled with underperforming insurance business (in terms of profitability) and depressed property market are likely to continue weighing down on the group's performance.

Stock Market Performance and Outlook

The overall market eased by 1.5% w/w to close the week at 157.66 (NASI), characterized by an overall decline in trading volumes and turnover. We attribute the decline in the market to dampened investor confidence influenced by the weak FY2018 earnings results that trickled in during the week (such as Britam Holdings, Kenya Reinsurance, relatively weak performance from Equity Bank), profit taking activities on counters that had previously appreciated(e.g.

Safaricom and KCB) and flow of funds towards the fixed income market. Some of the counters that registered price gains during the week include; I&M (+20.4% w/w), Stanbic (+2.3% w/w), KenGen (+0.7% w/w) and EABL (+0.2% w/w). We note that the selling pressure had subsided in last trading day (particularly on Equity Bank and Safaricom). We therefore expect more price stability in coming week.

Equity Market Summary

Banking Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	C/I Ratio	P/E (X)	Dividend Yield	P/B (X)	ROE
KCB	44.05	17.6%	-1.5%	7,214,500	48.7%	5.63	7.9%	1.19	21.9%
Equity Bank	41.60	19.4%	-4.4%	18,456,700	52.2%	7.92	4.8%	1.65	21.1%
NIC Bank	36.35	30.8%	-1.8%	1,033,500	46.3%	5.50	3.4%	0.66	12.1%
Stanbic	100.00	10.2%	2.3%	128,100	50.2%	6.30	5.8%	0.89	14.3%
National Bank	4.93	-7.3%	-0.4%	1,979,800	92.0%	238.34	0.0%	0.24	0.1%
Barclays Bank	11.80	7.8%	-1.3%	1,358,500	54.2%	8.64	9.3%	1.45	17.1%
Housing Finance	5.00	-9.7%	-3.8%	364,600	107.7%	-2.95	0.0%	0.17	-5.5%
Co-operative Bank	14.95	4.5%	-3.9%	3,552,700	54.6%	6.89	6.7%	1.26	18.2%
Diamond Trust Bank	130.00	-16.9%	-4.1%	177,800	45.2%	5.13	2.0%	0.68	13.9%
Standard Chartered	215.25	10.7%	-0.9%	77,000	51.8%	9.13	8.8%	1.59	17.5%
I&M	113.50	33.5%	20.4%	307,000	36.6%	5.52	3.4%	0.98	17.9%
Sector Average					58.1%	26.91	4.8%	0.98	13.5%

P/B (X) - FY2018

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	4.91	-44.8%	-2.2%	827,100	-6.06	0.0%	-0.81	N/M
Nation Media Group	60.75	-11.3%	-2.4%	85,800	8.80	16.5%	6.9	19.1%
WPP Scangroup	12.00	-14.3%	8.1%	4,900	10.71	4.2%	1.12	5.2%
Uchumi Supermarket	0.56	-30.0%	0.0%	29,900	-0.12	0.0%	-4.6	N/M
Longhorn Publishers	6.34	37.5%	-8.4%	28,600	12.94	6.0%	0.49	13.1%
Eveready	1.06	6.0%	-1.9%	299,500	0.83	94.3%	1.27	-35.3%
Sector Average					4.52	5.3%		0.5%

*N/M - Not Meaningful

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Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
ARM Cement	5.55	0.0%	0.0%	0	-1.68	0.0%	-21.9%	-12.5%
Bamburi Cement	130.00	-1.9%	0.0%	6,500	28.63	3.1%	15.5%	6.4%
E.A. Portland Cement	18.70	16.9%	0.0%	25,500	-1.14	0.0%	19.3%	25.0%
Sector Average					8.60	1.0%		6.3%

*NPM - Net Profit Margin

Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	5.64	-19.7%	0.7%	995,700	4.70	7.1%	1.20	4.2%
KenolKobil	22.00	15.5%	0.0%	0	13.17	2.7%	1.67	23.4%
Kenya Power	4.18	2.7%	-0.9%	609,400	4.27	0.0%	0.98	3.0%
Total Kenya	28.95	5.3%	-3.5%	35,400	7.89	4.5%	3.67	10.5%
Sector Average					7.51	3.3%		10.2%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.91	1.3%	-1.3%	631,900	1.30	21.72	64.9%	49.0%
Britam	9.02	-9.8%	-3.8%	148,400	0.82	37.58	67.6%	134.8%
*Jubilee	408.75	1.0%	-2.6%	8,900	1.17	8.18	102.4%	142.2%
Kenya Re	11.00	-21.1%	-8.3%	2,778,500	0.27	2.15	62.2%	106.7%
Sanlam Kenya	21.05	-4.3%	-2.1%	1,700	2.28	100.24	95.4%	149.7%
Liberty	9.78	-24.2%	-3.2%	21,000	0.71	6.19	66.5%	66.5%
Sector Average					0.88	9.57	76.5%	108.2%

*Jubilee-FY2017

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	32.00	9.4%	0.0%	613,300	7.63	0.42	73.2	4.20	5.6%
Home Afrika Ltd	0.57	-18.6%	-5.0%	1,872,600	-1.46	-5.54	0.85	-0.39	2.6%
Trans-Century	2.99	327.1%	-12.1%	15,400	-1.92	0.24	40.96	-1.56	4.7%
Sector Average					N/M	-1.63			4.3%

*NPM - Net Profit Margin, **NAVPS - Net Asset Value Per Share

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	13.75	-5.5%	0.0%	62,000	18.84	3.6%	0.73	9.3%
Sector Average					18.84	3.6%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.51	-12.1%	-1.9%	1,085,300	-0.12	0.0%	-4.43	-69.4%
EABL	206.25	18.0%	0.2%	445,700	28.69	3.6%	7.19	61.4%
FTG Holdings	2.63	5.2%	8.7%	72,000	3.09	0.0%	0.85	22.3%
Carbacid	9.30	-7.0%	-0.4%	42,900	6.74	7.5%	1.38	14.6%
BAT	544.00	-25.0%	-1.1%	80,300	16.31	4.8%	33.36	48.0%
Sector Average					10.94	3.2%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.55	24.1%	-2.1%	56,170,200	19.68	4.0%	1.40	47.8%
Sector Average					19.68	4.0%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	9.24	-15.6%	-2.5%	155,700	13.01	8.12%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

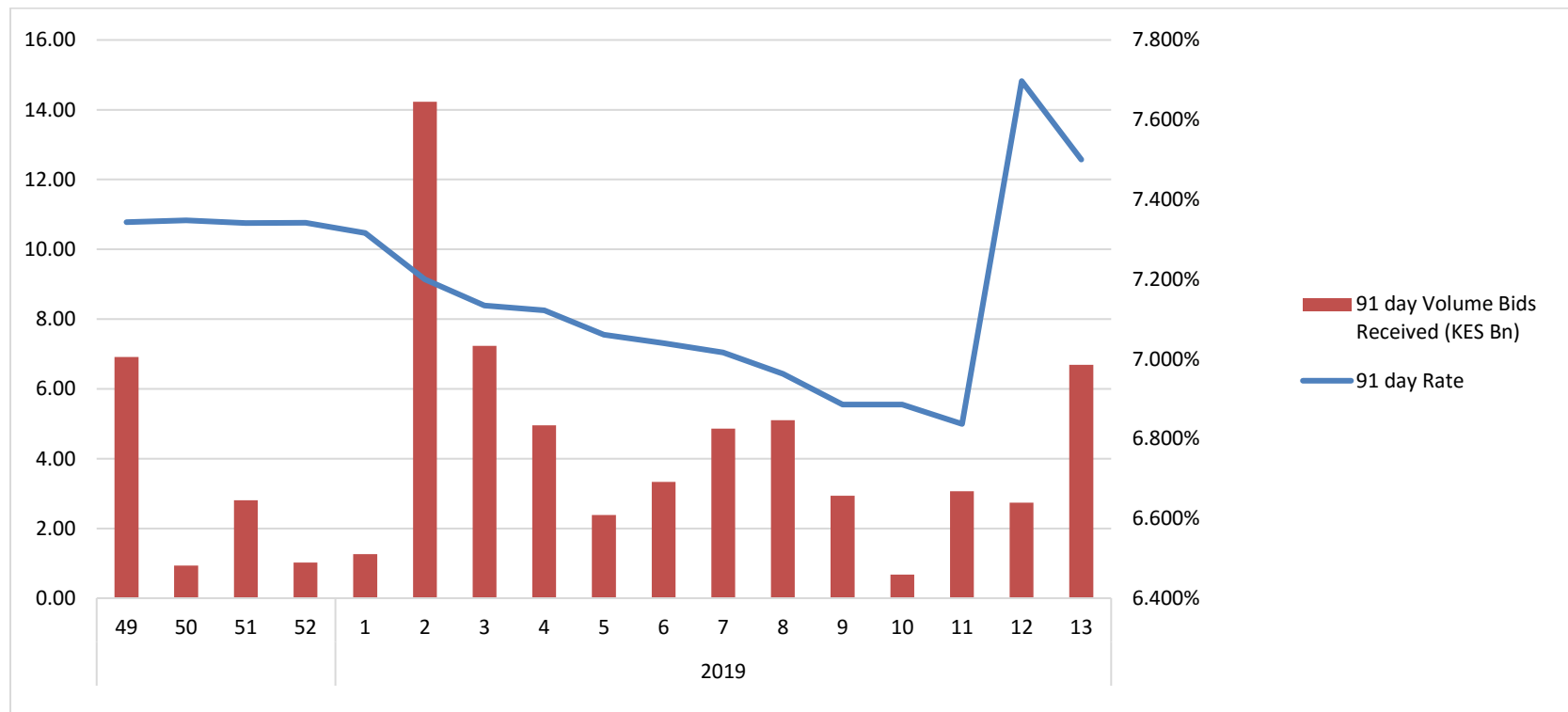
Market Statistics	This Week	Last Week	% Change
Total Volumes	103,742,300	121,434,900	-14.6%
Total Turnover (KES)	3,096,702,901	3,460,707,393	-10.5%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	6.69Bn	167.35%	0.97Bn	7.500%	7.697%	-0.197
182 day T-bill	7.34Bn	73.44%	5.91Bn	8.204%	8.226%	-0.022
364 day T-bill	30.05Bn	300.47%	23.66Bn	9.408%	9.409%	-0.001

Graph showing 91 day T-bill rate and volume

Week No. 13



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Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Stanlib Fahari I-REIT	First & Final dividend	Kes.0.75	29-Mar-19	Subject to Approval	30-Apr-19
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	Subject to Approval	Subject to Approval
Total Kenya Plc	First & Final dividend	Kes.1.30	28-Mar-19	26-Jun-19	22-Jul-19
Umeme Ltd	Final dividend	Ushs.28.20	25-Mar-19	25-Jun-19	15-Jul-19
Kenya Reinsurance Corporation Ltd	First & Final dividend	Kes.0.45	29-Mar-19	17-Jun-19	26-Jul-19
Nairobi Securities Exchange	First & Final dividend	Kes.0.49	22-Mar-19	30-May-19	30-Jul-19
Diamond Trust Bank Ltd	First & Final dividend	Kes.2.60	01-Mar-19	24-May-19	26-Jun-19
I&M Holdings Plc	Bonus Issue	Bonus Issue of 1:1	27-Mar-19	10-May-19	23-May-19
Stanbic Holdings PLC	Final dividend	Kes.3.55	01-Mar-19	10-May-19	Subject to Approval
Kakuzi Plc	First & Final dividend	Kes.9.00	29-Mar-19	01-May-19	30-Jun-19
CIC Insurance Group Plc	First & Final dividend	Kes.0.13	11-Mar-19	30-Apr-19	31-May-19
Barclays Bank of Kenya Ltd	Final dividend	Kes.0.90	11-Mar-19	30-Apr-19	29-May-19
BOC Kenya Plc	Final dividend	Kes.2.85	09-Mar-19	29-Apr-19	26-Jul-19
Co-operative Bank of Kenya	First & Final dividend	Kes.1.00	21-Mar-19	29-Apr-19	07-Jun-19
KCB Group PLC	Final dividend	Kes.2.50	06-Mar-19	29-Apr-19	Subject to Approval
Equity Group Holdings Plc	First & Final dividend	Kes.2.00	27-Mar-19	26-Apr-19	31-May-19
Standard Chartered Bank Kenya	Final dividend	Kes.14.00	22-Mar-2019	26-Apr-19	23-May-19
NIC Group Plc	First & Final dividend	Kes.1.25	21-Mar-19	18-Apr-19	06-May-2019
Limuru Tea Company Plc	First & Final dividend	Kes.1.00	25-Mar-19	12-Apr-19	03-Jun-19
BAT Kenya PL	Final dividend	Kes.31.50	14-Feb-19	14-Mar-19	10-May-19
I&M Holdings Plc	Interim dividend	Kes.3.90	31-Dec-18	28-Feb-19	23-May-19
East African Breweries Ltd	Interim dividend	Kes.2.50	25-Jan-19	22-Feb-19	11-Apr-19

Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 29th March 2019
KCB Group	Long-term Buy	55.00	34.00	17.60%	44.05
Equity Group Holdings	Long-term Buy	57.00	33.40	19.40%	41.60
Bamburi Cement	Hold	190.00	117.00	-1.90%	130.00
Safaricom	Hold	33.50	21.00	24.10%	27.55
EABL	Hold	270.00	160.00	18.00%	206.25
Jubilee Holdings	Buy	540.00	355.25	1.00%	408.75
Barclays Bank of Kenya	Hold	13.50	9.50	7.80%	11.80
Diamond Trust Bank	Hold	220.00	127.00	-16.90%	130.00
Cooperative Bank	Long-term Buy	20.00	12.65	4.50%	14.95
KenGen	Long-term Buy	9.21	5.10	-19.70%	5.64
Centum	Long-term Buy	47.00	22.50	9.40%	32.00
NBK	Sell	9.65	4.05	-7.30%	4.93
Mumias	Sell	0.95	0.49	-12.10%	0.51

For more detailed information on the following recommendations, please click [here](#):

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ANALYSTS:

Samuel Njihia

E-mail: samuel.njihia@fib.co.ke

Ivy Barongo

E-mail: ivy.barongo@fib.co.ke

John Jumwa

Email: john.jumwa@fib.co.ke



HEAD OFFICE:

Crawford Business Park,
Ground Floor,
State House Road
Tel: 0207606026-37
P.O Box 45236-00100
Nairobi